UNITED
NATIONS

E

Economic and Social
Council

Distr.
GENERAL

E/CN.4/1995/24
16 January 1995

Original: ENGLISH

COMMISSION ON HUMAN RIGHTS
Fifty-first session
Item 6 of the provisional agenda

MONITORING THE TRANSITION TO DEMOCRACY IN SOUTH AFRICA

Report on the mission to South Africa by the Special Rapporteur, Ms. Judith Sefi Attah, from 7 to 18 November 1994

CONTENTS

		Paragraphs	Page
Introduction		1 - 13	3
I.	THE RECONSTRUCTION AND DEVELOPMENT PROGRAMME	14 - 20	5
II.	LAND AND PROPERTY RIGHTS	21 - 30	7
III.	THE RIGHT TO EDUCATION	31 - 44	9
IV.	JOB CREATION AND LABOUR RIGHTS	45 - 54	12
V.	THE RIGHT TO HOUSING	55 - 65	14
VI.	THE RIGHT TO HEALTH	66 - 72	16
VII.	GENDER EQUALITY	73 - 77	17

GE.95-10155 (E)

CONTENTS (continued)

		Paragraphs	Page
VIII.	THE RIGHT TO LIFE	78 - 84	18
IX.	ROLE OF THE INTERNATIONAL COMMUNITY	85 - 92	20
X.	CONCLUSIONS AND RECOMMENDATIONS	93 - 105	21

Annexes*

I. Programme of the mission

II. Lead projects

III. Chart showing the incorporation of the former homelands in the provinces

---

* The annexes are available for consultation, in the original English version, in the secretariat.

Introduction

1. This is the last of three reports by the Special Rapporteur on the transition to democracy in South Africa. The first report, dated 2 July 1993 (E/CN.4/Sub.2/1993/11) was submitted to the Sub-Commission on Prevention of Discrimination and Protection of Minorities at its forty-fifth session pursuant to Sub-Commission resolution 1992/6 of 21 August 1992, in which inter alia, it recommended that a special rapporteur be appointed to report on the progress towards democracy, equality and justice in South Africa. The appointment of Ms. Judith S. Attah as Special Rapporteur was endorsed by the Commission on Human Rights in its resolution 1993/19 of 26 February 1993 and her mandate was confirmed by the Economic and Social Council in its resolution 1993/45.

2. In keeping with her mandate, in her first report (E/CN.4/Sub.2/11) the Special Rapporteur examined the various steps being taken at the time to create a new democratic, non-racial South Africa in which all its citizens would enjoy equal political rights in accordance with international human rights instruments, noting that positive but slow political developments were then taking place in South Africa. The first report considered the phenomenon of violence and its impact on the enjoyment of the right to life and concluded, inter alia, that violence had the potential of remaining a feature of South African society in the foreseeable future for various reasons enumerated in the report.

3. The first report also outlined the socio-economic iniquities of apartheid as they had affected the realization of the social and economic rights of the majority of South Africans and noted that important structural and empowerment measures needed to be taken to redress the situation. It further examined some of the factors capable of impeding the transition to democracy in South Africa, and the role of the international community in the transition process, and set out a number of recommendations that could facilitate the creation of a new South Africa in which the fundamental rights of all its citizens were promoted and respected.

4. Having considered the first report and in view of the wish expressed by the Special Rapporteur in that report to be provided with the opportunity to visit South Africa so as to gain first-hand understanding of the dynamics of the transition process as they affected the enjoyment of the fundamental human rights of the people, the Sub-Commission adopted resolution 1993/1 on 13 August 1993 in which, inter alia, it requested the Secretary-General to contact the Government of South Africa with a view to enabling the Special Rapporteur to undertake a mission to South Africa during the preparation of her second report.

5. Consequently, a mission to South Africa was undertaken from 24 November to 2 December 1993. It coincided with a period in the transition process during which various important negotiated transitional legislation, designed to create the appropriate political environment for the first multiracial elections, had either been concluded or was nearing completion. After the mission, during which broad-based consultations were held with high-ranking representatives of the Government and of major parties as well as civic and religious leaders and representatives of some non-governmental organizations,

the Special Rapporteur submitted a second report dated 18 January 1994 (E/CN.4/Sub.2/1993/Add.1), to the Commission on Human Rights at its fiftieth session.

6. The second report highlighted some of the transitional legislation as it affected the promotion or protection of the fundamental human rights of the people. Measures directed at ensuring free and fair elections were examined. The question of violence was considered and its denial of the right to life and its capacity to mar efforts to create a political atmosphere conducive to peaceful political activities was underscored. In the light of views expressed and impressions formed during the mission, the second report also outlined some of the obstacles in the way of the first multiracial elections and proffered a number of recommendations which not only addressed measures directed at overcoming the obstacles but offered inputs into the United Nations system's preparations for assisting the transition to democracy in South Africa.

7. However, since issues pertaining to the realization of the social and economic rights of all South Africans did not receive adequate treatment in the second report, specifically because preparations for the first non-racial multiparty elections were occupying the centre-stage at the time, it was felt that the Special Rapporteur should undertake another visit to South Africa after the holding of the historic general elections from 26 to 28 April 1994. Such a visit would enable the Special Rapporteur gain valuable insights into measures being considered or actually being taken by the new democratic government to reform, restructure or replace administrative, economic, legal and social structures set up under apartheid, in order to restore social justice and foster the realization of the social and economic rights of the deprived and disadvantaged majority of South Africans.

8. It had been the hope of the Special Rapporteur to visit post-apartheid South Africa prior to the forty-sixth session of the Sub-Commission, held in August 1994, in order to submit to it a comprehensive report on how the country's new democratic leadership was addressing the question of the equalization of social and economic rights. But the understandably special circumstances in South Africa at the time necessitated the postponement of the visit.

9. Consequently, following contacts between the Centre for Human Rights and the Permanent Mission of South Africa to the United Nations Office at Geneva aimed at obtaining the consent of the South African Government to the visit, as well as working out logistical arrangements, the Special Rapporteur, accompanied by two officers of the Centre for Human Rights, undertook a second mission to South Africa from 7 to 18 November 1994.

10. This third report, which is the outcome of the mission, has been put together after extensive travels within South Africa and consultations with a number of high-ranking representatives of the Government of National Unity (GNU). Ideas, facts and figures contained in the report have also emanated from the series of discussions held and views exchange with a wide range of civic and religious leaders, as well as representatives of various non-governmental organizations. A schedule of meetings held in South Africa during the visit is contained in annex I to the present report.

11. Given that the policy framework within which the GNU proposes to pursue upliftment policies that would improve the human rights condition of disadvantaged South Africans is the Reconstruction and Development Programme (RDP), the present report examines the key policy pillars or elements of the programme. It then undertakes a sectoral appraisal of South Africa's socio-economic system by focusing on the land question, education, labour, housing, health and the public service, inter alia, in an attempt to bring into perspective policies or actions that have been taken or are being considered by the various arms of the GNU to promote the goals of the RDP as they relate to the realization of the social and economic rights of the disadvantaged communities in South Africa. The special role which the international community is playing and must still play in the transition process is highlighted while a number of recommendations of general and specific character have been made.

12. The Special Rapporteur extends her special thanks to the Government of South Africa and the Centre for Human Rights for facilitating this mission. She also wishes to thank all those whose support and assistance have been invaluable in the fulfilment of her mandate.

13. Since the first and second reports of the Special Rapporteur (E/CN.4/Sub.2/1993/11 and Add.1) contain important background information on the transition to democracy in South Africa, it is recommended that they be read in conjunction with the present report for a better understanding of the issues.

I. THE RECONSTRUCTION AND DEVELOPMENT PROGRAMME

14. At the heart of the Government of National Unity's plan to reorganize and democratize post-apartheid South Africa through addressing the basic needs of the masses is a five-year economic development plan called the Reconstruction and Development Programme (RDP). The RDP is conceived as an integrated, coherent socio-economic policy framework which seeks to mobilize all South Africans and the country's resources towards the final eradication of the legacies of apartheid. It represents a vision for the fundamental transformation of South Africa from the ashes of apartheid into a democratic, non-racial and non-sexist society.

15. Under the RDP, the Government's central goal is to meet the social and economic needs of the people and to create a strong, dynamic and balanced economy which will, among other things,

> Create jobs that are sustainable, and which will be able at the same time to absorb new job seekers in both the formal and non-formal sectors;
>
> Alleviate the poverty, low wages and extreme inequalities in wages and wealth bequeathed by the apartheid system;
>
> Address economic imbalances and structural problems in industry, trade, commerce, mining, agriculture, finance and labour markets;
>
> Ensure that no one suffers discrimination in hiring, promotion or training on the basis of race or gender;

Democratize the economy and empower the historically oppressed; and

Develop the human resource capacity of all South Africans.

16. These goals are to be attained through the implementation of a number of presidential lead projects, including in the areas of primary school nutrition; rural water provision; land reform; land restitution; urban infrastructure investment planning; a national urban reconstruction and housing agency; a national literary programme; a small-scale farmer development programme; a culture of learning; a public works programme; free health care; clinic building; an AIDS awareness and prevention campaign; provincial project preparation facilities; provincial projects; extension of municipal services; and urban renewal projects. (See annex II for details of these projects.) Taken together, these projects attempt to satisfy the Government's five key objectives of meeting the people's needs; developing the country's human resources; building the economy; democratizing the State and society; and implementing the RDP.

17. Funding for these projects would come from the RDP Fund established under the terms of the RDP Fund Act of 1994 and administered by the Ministry of Finance. There are several sources of finance for the Fund. The first is money appropriated by Parliament for the Fund through savings by departments. In the 1994/95 budget, R 2.5 billion was allocated to the RDP Fund. This amount would increase to R 5 billion in 1995/96 and progressively increase to R 10 billion in 1997/98 and to R 12.5 billion thereafter.

18. A second source of finance is the Government's receipt of international and domestic grants and aid. Access to the broadest possible international finance base is now possible following the process of democratization which has normalized South Africa's relationship with the international community. It was understood during the mission to South Africa that an interdepartmental committee has already been established to consider aid offers from donor countries and multilateral agencies. This committee will further investigate and negotiate with donors on the utilization of aid for the funding of RDP projects, with a view to optimizing the use of grant aid and concessionary finance as part of an integrated funding package for each programme.

19. The Fund will also benefit from interest earned from the investment of money standing to the credit of the Fund and from proceeds from the sale of State assets. An audit of these assets as a first step towards their disposal is reported to have commenced. Other sources of funds from which the RDP could benefit include revenue from lotteries and gambling.

20. The comprehensive and long-term nature of the RDP have led some critics to deride it as a "populist flavoured wish list". In spite of such criticism, however, discussions with various groups during the mission confirmed strong support for the programme as an important blueprint on the basis of which choices can be made in the drive to correct the numerous injustices and inequalities perpetrated by the policy of apartheid. While it was readily admitted that finance could be a major constraint in the endeavours, the view was held that prioritization of projects in a way that would bring lasting benefit to the people had the capacity to guarantee the programme's continued relevance.

II. LAND AND PROPERTY RIGHTS

21. Property and land rights are provided for and protected in sections 28 (1-3) and 121 to 123 of the Interim Constitution. In fact, the central position which these rights occupy in the political economy of the new South Africa can be discerned from the fact that measures aimed at redressing some of the injustices of apartheid with regard to land ownership constitute one of the exceptions to the equality clause in section 8 of the Interim Constitution.

22. There is perhaps an historical explanation for this. Many commentators on South Africa acknowledge that a key cornerstone of the apartheid edifice on which rested the pass laws, the Group Areas Act and the infamous Hertzog Bills of 1936 was the 1913 Land Act. This Act provided a deliberate and systematic legislative framework within which black South Africans were denied basic human and property rights, and consigned to the periphery of South African society.

23. The mission to South Africa was informed that the GNU was embarking on a new policy concerning land in order to undo the damage of decades of forced removals, racial segregation and the denial of land rights. One feature of this policy is the restitution of land rights, the enabling environment of which was created on 17 November 1994 with the signing of the Restitution of Land Act by President Nelson Mandela.

24. The Act sets out the processes and structures through which the dispossessed and the victims of forced removals can seek redress. It provides for the setting up of a commission on the restitution of land rights and a specialized court of law, the Land Claims Court. The Commission is to deal with claims to state and private land on which dispossession took place as a result of apartheid. These claims will have to be lodged within three years of the coming into force of the Act. This is to ensure that the restitution process is dealt with speedily. The Commission will be accessible to all and will be able to assist claimants in documenting their claims. The Commission, which will have regional offices across the country, will also attempt to settle land claims by way of mediation and negotiation. The claims will be considered by the Government with a view to paying compensation at current value. However, in the event of a dispute between parties, the Land Claims Court will have the ultimate decision-making powers.

25. The Land Claims Court will have the power to award compensation and prioritize state support in land reform programmes. In dealing with difficult cases before it, the court will have to consider the principles of equity and public interest enshrined in the Act. Judges on the Land Claims Court will be appointed by the President of the Republic on the advice of the Judicial Services Commission, while members of the Commission on the Restitution of Land Rights were to have been appointed by the end of 1994.

26. A second feature of the Government's new policy on land is the idea of restoration. Envisaged under this feature is the redistribution of 30 per cent of all arable land to its original owners. The mission learnt that, as at the end of the apartheid era, 86 per cent of all arable land was in the hands of white South Africans. In fulfilment of this policy,

the former Department of Regional and Land Affairs, which has now been totally restructured and renamed the Ministry of Land and Survey, is said to be experimenting with allocation of shared land to small farmers who also enjoy Government credit facilities.

27. The Government of National Unity is also employing subsidies as a means of correcting the skewed land ownership situation in South Africa. Under this aspect of the policy, landless communities would be assisted to acquire land. Eighty per cent of the cost of such land would be borne by the Government in the form of outright grants. The beneficiaries will be required to make a down payment of 5 per cent of the cost while the balance of 15 per cent will be regarded as loans granted to such communities.

28. The review of land reforms in rural areas is another feature of the Government's new land policy. This would cover land rights in such areas, farm workers' rights, freehold title and the extension of the 99-year lease system to tribal lands where an individual's right is subsumed in the community's land right. A settlement support programme that would assist people resettle in rural areas as soon as they acquire land for farming is also envisaged under the new policy on land. Support systems under this programme would include the provision of electricity, water and housing through funds made available by the Reconstruction and Development Fund.

29. There was general agreement among those consulted during the mission to South Africa that the Government of National Unity's new policy on land is at the heart of the quest of South Africans for socio-economic emancipation since, if it is properly implemented, hitherto disadvantaged sections of the population will be able to pursue land-related economic activities in a new environment where land and property rights are respected. Although the Restitution of Land Act was acclaimed as an important milestone in reversing the process of land dispossession codified in 1913, the cut-off date of June 1913 provided in the Act as the period from which claims can be made, is considered unsatisfactory by some sections of the disadvantaged communities, who argue that their claims to ancestral lands have not been addressed. There is therefore speculation that this cut-off date may be reviewed.

30. Dissatisfaction with the Act has also come from sections of the white farming community. According to information made available to the mission, the possibility of labour tenants acquiring land for agriculture, as provided for in the Act, has prompted some white farmers to begin the eviction of tenants from land. The mission also noted the concern expressed by a broad category of those consulted at the phenomenon of land invasion and land occupation. Although the rights of such invaders, who may have suffered untold hardships and injustices under apartheid, were recognized, the consensus of opinion was that the Government's decision not to remove the squatters may adversely affect the implementation of specific upliftment policies, such as in the area of housing. The mission was also informed that a cautious approach to the reform of the tribal land system would be employed, given the sensitive nature of the issue and the need to obtain the consent and support of tribal chiefs. It was the understanding of the mission that consultations in this regard have already begun.

III. THE RIGHT TO EDUCATION

31. The denial of equal citizenship and equal rights which characterized the policy of apartheid in South Africa necessarily involved the denial of equal educational rights. Under apartheid, education was organized in a complex hierarchy of 18 separate racial and ethnic departments and services. Funding across the racial and ethnic subsystems was grossly unequal, resulting in huge disparities in physical facilities, professional services and teaching quality.

32. Education being the major vehicle for the human resource development of the RDP by which the GNU proposes to empower the people to enable them to participate effectively in all the processes of democratic society, economic activity, cultural expression and community life, section 32 (a) of the Interim Constitution guarantees the right of every South African to basic education and to equal access to educational institutions. As explained to the mission during consultations in South Africa, the underlying goal is that every citizen of the Republic should have access to life-long learning, not just in schools and other educational institutions but at home and in the workplace.

33. To begin with, the old racially-stratified, multi-department education system has been rationalized. From January 1995 education will now be administered through a single department of education for all races consisting of a national structure and nine provincial structures. A white paper on education containing these structural changes was approved by the South African Cabinet on 24 November 1994.

34. The Special Rapporteur was informed that a major mechanism for achieving the restructuring of the education and training system in a way that would satisfy the people's right to basic education is the National Qualification Framework (NQF). As conceived, the NQF, when established, should facilitate the up-grading of learning standards by monitoring and regulating qualifications and permitting a high level of articulation between qualifications based on the recognition and accumulation of credits. It should also facilitate the movement of learners from one qualification level to another and encourage flexible access by learners to different modes of learning, whether based in institutions, the workplace, community learning centres or through self-study. The NQF will also make it possible for learning to be assessed and certified, whether achieved in formal programmes by personal study or through experience in the workplace. It was the understanding of the mission that this framework has received the support of South Africa's business and labour establishment.

35. Aware of the need for new curricula that would cut across traditional divisions of skills and knowledge in order to prepare the people more effectively for life in a new democratic and economic environment, the GNU, through the Ministry of Education, is reportedly undertaking a feasibility study for a national institute of curriculum development. When established, the institute will, among other things, consider appropriate early-learning programmes, as well as programmes for youths, adults, workers, teacher educators, trainers and a variety of other learning facilitators. Given that

curriculum change is a lengthy process, the mission gathered that the GNU intends to find strategic points of entry so that progressive transformation will take place on a phased basis.

36. Education support services, which under apartheid were administered and functioned separately, resulting in poor coordination and poor services, especially for the disadvantaged groups in society, will also be reviewed. The intention, as understood during consultations in South Africa, is to explore the possibility of adopting a holistic and integrated approach that would, on the one hand, underline the interrelationship between health, social, psychological, academic and skill development and, on the other, target those sections of the learning population which have been most neglected and vulnerable.

37. Other mechanisms being considered to fulfil the right of every South African to basic education include a national council for teacher education, a national open learning agency, a national adult basic education training programme, a national commission on further education, a national commission on higher education and a directorate for early childhood development and lower primary education.

38. The mission learnt that within the context of the RDP 4,000 new classrooms at the primary level are planned for 1995 in all nine provinces to cater for the education of between 697,000 to 2.5 million children who are outside the school system as a direct consequence of apartheid. The schools that had been closed down in white communities would be opened for pupils from needy areas. Some schools at the secondary level, such as Waverly Girls High School, have already become multiracial, while severe cuts in teaching staff employed in the old white and coloured education departments are being contemplated. In addition, 1,600 new teaching posts are to be created to enable some 130,000 black pupils, particularly in the Western Cape Province, to enjoy the right to basic education.

39. A cross section of those consulted stressed the need for the Government to make a pronouncement on the status of farm schools and "Model C" schools as they relate to the people's right to basic education and the right of access to educational institutions. The view was expressed that the constitutional requirement on education and funding limitations make it imperative for the GNU to allow qualified private sector individuals, non-governmental organizations and church groups to assist in providing education. Mention was also made of the need to restore discipline in schools by redefining the roles of those supposed to impart education and those who are the recipients, if current educational renewal measures are to be fruitful. It was emphasized that the authority invested in the teacher must be restored and that pupils must be made to defer to that authority.

40. The mission took note of the R 100 million allocated over and above the current education budget in mid-November 1994 to all nine provinces as part of a scheme to enhance the culture of learning. Note was equally taken of plans to include general education and training components in specific RDP projects such as the public works programmes and the youth programmes, so that participants can achieve a permanent learning dividend from their experiences.

41. Most of those consulted were of the view that just as education was used as a key instrument under apartheid to enforce the policy of racism and segregation, the GNU should also use education to facilitate the realization of the social and economic rights of the disadvantaged communities. In fact, the general feeling was that if education is to attain this priority role which it must play in the transformation of South Africa, then greater effort must be exerted by the Government to redress the huge backlog in amenities at all levels of the educational system.

42. At the primary, secondary and tertiary levels, the need for additional places, materials and trained teachers was recognized. New buildings to ease the overcrowding in township schools would be required. The provision of 4,000 additional classrooms in 1995 planned by the GNU was viewed by many as a modest beginning which must be intensified to take into account the steady population growth among black South Africans. Concern was also expressed at the problem of truancy among primary and secondary schoolchildren in the townships. In addition to the appeal to the youths by President Mandela regarding the need for them to complete their studies, the mission took note of the positive and commendable role being played by the Soweto Education Coordinating Council in peer counselling and reorientating the youths towards accepting education as a profitable and rewarding venture.

43. The need for an aggressive approach to the question of illiteracy, a principal impediment among the rural population, an estimated 70 per cent of whom cannot read or write, was also stressed to the mission. The mission learnt that there had been no policy on literacy under the apartheid system, which had preferred the black population to live in ignorance. It was the understanding of the mission that any modest progress in literacy made among the population of the black townships had been the result of the activities of non-governmental organizations, which are now calling for the urgent provision of new reading materials throughout the country. However, the general feeling was that the eradication of illiteracy would require a more holistic approach that would continue literacy programmes with on-the-job training and with a view to making rural people literate in at least their mother tongue. In addition to the important role which NGOs could play in this endeavour, the vehicle of the radio, widely regarded as an influential friend of rural communities, could also be employed as a medium of instruction and information.

44. The Mission was also informed that advancing the human resource development programmes of the GNU would require structural changes at the tertiary level of education. The absence of adequate technical colleges to satisfy the current huge demand for lower-level technicians was pointed out by most of those consulted. The Government may have to resort to sandwich courses if its manpower requirements for the next six years are to be met. Moreover, it was recognized that because most universities are autonomous, and given that the senates of such institutions are made up of persons who may be resistant to change, there was need for the Government to consider policies that would create an environment that would foster partnership with tertiary institutions for the implementation of its human resource programmes as they affected the disadvantaged communities. In addition to funding specific programmes in such institutions and providing funds for expansion, the view was often expressed that specific measures should equally be taken to change the "ivory tower" mentality of these institutions in order to make them more relevant to the developmental needs of the new South Africa.

IV. JOB CREATION AND LABOUR RIGHTS

45. One of apartheid's most problematic legacies from the perspective of the GNU is unemployment. How disturbing the position is, is revealed by statistics from a recent study conducted by the Human Sciences Research Council of South Africa which found that 42 per cent of the population between the ages of 15 and 30 are jobless. Black youths showed the worst unemployment rate, 45 per cent, while among whites, Asians and coloured, the figures were 12, 19 and 40 per cent respectively. In fact, some commentators say that 4 out of every 10 employable persons in South Africa are without a job, a situation which is widely believed to be putting enormous stress on the country's welfare support system.

46. Although the Interim Constitution did not specifically pronounce on the question of the people's right to work as provided for in article 23 (1) of the Universal Declaration of Human Rights and article 6 of the International Covenant on Economic, Social and Cultural Rights, section 27 (1-5) of the Constitution guarantees the right to fair labour practices, including the right to form and join trade unions and the right to strike. In addition, section 8 (3.a), which is one of the exceptions to the equality clause in the Interim Constitution, guarantees, inter alia, measures designed to achieve the adequate protection and advancement of persons or groups or categories of persons disadvantaged by unfair discrimination, in order to facilitate their full and equal enjoyment of all rights and freedoms.

47. Given these constitutional provisions and aware of the very high job procurement expectations of the majority of black South Africans, the GNU has set up the National Economic Development and Labour Council with the mandate inter alia to facilitate job creation, especially in the rural areas. Linkage programmes that match training with availability of jobs are also being vigorously pursued. It was understood during the mission to South Africa that, in 1992, 65,000 black youths trained under labour programmes benefited from the scheme.

48. The Skill Acquisition Programme, which since 1985 has reportedly enabled 100,000 people in rural areas to become self-employed or get job placements, would also be revamped and pursued, although the R 80 million earmarked for the programme in 1995 was considered grossly inadequate in the prevailing circumstances. In addition measures that would enable disadvantaged communities to acquire small- and medium-scale enterprises are being examined, while new legislation that would ease the access of blacks to trading licences, credit and technological facilities is being considered.

49. The mission learnt that a new labour relations act which will address issues pertaining to the rights of all South African workers, without discrimination, is being prepared. A plan to establish an unemployment insurance fund is, similarly, receiving attention. Moreover, the GNU is contemplating the introduction of a minimum wage of about R 1,500 per month. However, since such a measure may fuel inflation and cause hardship to small businesses, the intention is to implement the wage increase in instalments, beginning with R 800 to R 900 within a six-month period, and staggered thereafter from R 1,075 to R 1,250 and ultimately to R 1,500 by 1997/1998. The mission was also informed of the plan of the three labour federations to

merge in order better to promote the interests of their members and improve their bargaining position. The need for educating the leadership of the domestic and farm workers' unions in labour relations management and bargaining techniques was also emphasized to the mission. Given that workers in this category were the most deprived and denied of their labour rights under apartheid, the proposed introduction of the minimum wage by the Government of National Unity was viewed as most helpful to their cause.

50. Job creation within the context of section 8 (3.a) of the Interim Constitution is also being pursued through proposals to restructure the public service. The Public Service Act of 1994 brought the 11 different administrations created by the policy of apartheid into one fold and established 27 national departments. But a new act which will further rationalize the various departments is under consideration.

51. With approximately 40 per cent of all public service posts and most of the top positions occupied by those referred to as the "old guard South Africans", a cross-section of those consulted recognized an urgent need to make public service staffing more representative of the population as a whole. Consequently, the GNU is proposing to introduce an affirmative action programme to be implemented at all levels of government in order to ensure racial, gender and geographical representation in the public service. To this end, the GNU hopes to release a green paper on the programme during the first quarter of 1995, while a white paper is planned for the middle of the year.

52. The mission was informed that a draft equal opportunities bill detailing compulsory affirmative action policies for companies employing more than 20 people had been completed by a panel of experts and was before the Cabinet for consideration. The bill envisages, among other things, the establishment of a statutory affirmative action agency to monitor companies' performance. The Government is also considering the redeployment of staff and the use of retrenchment packages to attain a natural attrition rate of 8 per cent per annum among existing staff to create vacancies for affirmative action placements in the public service. It was the understanding of the mission that an estimated 1.3 million people have applied for the 11,000 affirmative action posts so far advertised by the Government. The advertisement of jobs by the Government was reported to have irked the sensibilities of the predominantly white Public Service Association, which has sought a court injunction for the suspension of parts of the programme.

53. There was general agreement among those consulted during the mission to South Africa that job creation and satisfying the people's right to work must be the joint responsibility of the Government and the private sector. It was equally recognized that job prospects would improve proportionately to general economic growth in the country. None the less, the view is widely held that if the unemployment situation remains stagnant, unrest and the crime wave will escalate in black areas where the problem of joblessness is most acute.

54. The mission noted the calls for caution and the need for careful planning on the part of the Government regarding the affirmative action programme. Such calls stressed the need for a balance between the necessity of empowerment and the imperatives of efficiency, productivity and skills in the public service so as to avoid likely white disenchantment over what is seen in

some quarters as reverse discrimination. Although job procurement ranked high among the priorities of most disadvantaged South Africans, the mission recognized a growing awareness among those consulted of the facilitating role which a good education and training could play in improving the employment prospects of this category of South Africans. The job creation capacity inherent in the numerous presidential lead projects of the RDP was also taken note of by the mission and appreciated.

V. THE RIGHT TO HOUSING

55. The mission was informed that during the apartheid era housing was seen not as a basic human need and right, but as an instrument of racial segregation and control. With no urban housing development programme for the majority of the population and no concern for the provision of shelter with adequate water and sanitation for farm workers and rural communities, the only option available to the vast majority for satisfying their housing needs was the erection of squatter camps made of mud, plastics and corrugated iron sheets.

56. According to available figures, existing backlogs require the housing of 150,000 households annually over a period of 10 years in order to eradicate the inadequate housing legacy bequeathed by apartheid. An additional 200,000 housing units are reportedly required annually if the backlogs are not to increase, while 45 to 55 per cent of households in need of housing are said to be unlikely to be able to afford or have access to credit and are therefore entirely dependent on their own resources and state subsidies to satisfy their basic housing needs.

57. Although Chapter Three of the Interim Constitution does not explicitly include the right to housing among the fundamental rights, the mission was assured of the Government's recognition of housing as a basic human right as provided for in article 25.1 of the Universal Declaration of Human Rights and article 11.1 of the International Covenant on Economic, Social and Cultural Rights. In order to create conditions which will lead to the effective realization for all of the right to housing, the GNU plans to establish a sustainable national housing strategy.

58. The goal of the strategy is to see housing's share of the total State budget increase to 5 per cent and to expanding housing delivery on a sustainable basis to a peak level of 350,000 units per annum within five years so as to meet the Government's target of 1 million houses by 1999. Such houses will be permanent residential structures with secure tenure, ensuring privacy and providing adequate protection against the elements. The houses would also have potable water, adequate sanitary facilities, including waste disposal, and domestic electricity supply.

59. A commitment to the National Housing Strategy by all those involved in the housing delivery programme in the new South Africa has already been made. At Botshabelo (Orange Free State) on 27 October 1994, representatives of the homeless, communities and civil society, government at the national and provincial levels, established and emerging builders, the building materials industry, the finance establishment, and the international community signed a

Housing Accord which, inter alia, pledged to overcome the housing legacy by building viable communities across the country as a path to dignity for the millions of South Africans whose shelter is today inadequate.

60. The mission learnt that following this Accord, the GNU has signed an agreement with the banks, bringing them back into the lower end of the housing market. The agreement commits the banks and the wider financial sector to a resumption of large-scale lending to allow significant numbers of low income earners to realize their right to housing. It also addresses the issue of building quality houses, thereby making it clear that the days of two different building standards, one for rich whites and the other for poor blacks, are over. Standardized houses will now be available in different sizes for those who can afford them. The agreement, which also marks the end of the banks' boycott of low-cost housing, was acknowledged by most of those consulted in South Africa as signalling the readiness of the private sector not only to accept its social responsibility but to contribute skills and resources to the upliftment of disadvantaged members of South African society.

61. In addition to securing the return of the financial sector into low-cost housing, the Government has also embarked on a tenant ownership scheme which has led to the construction of some 3,000 housing units in the suburbs of Western Cape Province alone at the time of the mission to South Africa. This is a subsidized scheme under which the Government either provides the contractor or the materials for those who wish to build their own houses. Installation of water and electricity at such houses is done at government expense, while tenants are expected to pay the usual periodic charges for the use of these utilities. The Government also intends to upgrade private and public hostels in both rural and urban areas with a view to converting them into standard housing units, while state financed houses are to be transferred to township residents.

62. Another measure being considered by the GNU to further the realization of the people's right to housing is the transfer of the management of the farm workers' housing programme from the Ministry of Agriculture to the Ministry of Housing. With the RDP vision of creating commercial agricultural villages, tenant farmers will now be able to obtain directly about R 12,000 subsidy each for a housing unit, which under previous Governments was given to the white farm owners.

63. A savings-driven approach to housing credit under which banks would grant loans on the basis of savings has also been introduced. The approach has reportedly received the support of the South African Homeless Peoples Federation, most of whose members live in rural areas and of whom 85 per cent are known to be women. Moreover, the Government's Development Facilitation Bill which fundamentally addresses the needs of the poor is expected to provide the legal framework for the release of prime land in old and new cities for new low-income house, so as to desegregate the cities.

64. A view on housing that was often expressed during the consultations in South Africa is that it is a right upon which can be anchored the requirements of a dignified and tolerable life. Recognizing that the right to housing is central to the enjoyment by all South Africans of a better life, the need for striking an urban/rural balance in its delivery was emphasized to the mission.

65. Concern was also expressed over the continuing incidents of rent and service charge boycotts by black Africans, as well as land invasions and occupations. While the latter had the capacity to hinder implementation of the housing delivery programmes of the Government through the illegal occupation of prospective building sites, the former was seen as adversely affecting the Government's financial outlays for housing expansion. Although it was readily admitted that rent and service charge boycotts were powerful expressions of the people's resistance to apartheid, the general feeling was that now that a democratic government has been formed, the boycotts should be ended. It was understood during the mission that rent and service charge arrears accumulated up to 31 January 1994 have been written off by the Government, but that arrears from that date are expected to be settled by users.

VI. THE RIGHT TO HEALTH

66. The right of all South Africans to health is subsumed in section 28 of the Interim Constitution, which pronounces on the environment, and in section 30 (c) in the context of children's rights. The mission took note of the commitment on the part of the GNU to promote non-discriminatory realization of this right in accordance with international human rights instruments.

67. The mission learnt of a shift in focus away from the curative, hospital-centred health care delivery system to a preventive, primary health care system, in order to satisfy the health needs of the vast majority who dwell in the rural areas. Hitherto, hospitals consumed 75 per cent of the public health budget or R 10.5 billion, leaving only R 3.5 billion for peripheral services.

68. As conceived by the GNU, primary health-care delivery includes the promotion of proper nutrition, basic sanitation, free maternal and child care up to age of six years, immunization for major diseases, education on health problems, prevention and control of local endemic diseases and injuries, care of the elderly, mental health, accident and emergency services, and the supply of safe water.

69. The Government's effort to shift its focus and resources from the hospital heavy centre of the health care system to the starved periphery through the implementation of a primary health care programme was commended and received broad support during the consultations in South Africa. In a country where doctor population ratios are reportedly often below 1:500 in the cities and as high as 1:30,000 in some rural areas, the move was viewed as most salutary.

70. The mission was apprised of specific steps taken and measures being considered by the Government to promote the realization of some components of its primary health care programme. These include a primary schools feeding scheme. One of the priority projects announced by President Mandela when he opened Parliament, the scheme is aimed at improving the nutrition of primary school pupils in rural areas and informal settlements. The mission was informed that the scheme was launched in September 1994 with a budget of

R 472.84 million for the 140 school days up to March 1995. However, indications are that this budget may be exceeded as 4.67 million children are now being fed under the scheme, as against the original figure of 3.8 million pupils. Preliminary estimates for the next school year earmark a R 886 million budget for the scheme, with additional school days accounted for.

71. Funds have also been appropriated to build and run 780 health clinics in the rural areas by the end of the 1995/96 financial year to facilitate the people's access to health care. A drug prevention programme for youths in which non-governmental organizations would be involved is being considered, while a new family policy that would address the problem of street children is envisaged in 1995. Moreover, it is hoped that a new welfare act which incorporates policies that will address the special needs of the handicapped, AIDS sufferers and child care will be passed by Parliament in April 1995. Arrangements for the creation of a national strategic management committee which will, among other things, monitor, evaluate and formulate welfare policies are said to be at an advanced stage. Meanwhile, it was understood by the mission that all welfare Ministers sit on a ministerial welfare committee which discusses standard setting and legislation.

72. The mission took note of the concern voiced during consultations about the enormous stress which the unemployment rate is putting on the welfare support system. Attention was also drawn to administrative bottlenecks in the provinces which are impeding preparations for the building of health clinics. Special note was also taken by the mission of the opening of the facilities at the Bharagwanath Hospital near Soweto to all races in recent years. Because of its proximity to Soweto, some 3 million disadvantaged South Africans can now satisfy their right to health by availing themselves, sometimes at no cost, of the existing expertise in one of the largest hospital complexes in Africa.

VII. GENDER EQUALITY

73. In South Africa, gender inequality is widely recognized as a key legacy of apartheid which must be corrected. Indeed, in all spheres of the socio-economic and political life of apartheid South Africa, women, especially black women have had to endure unequal status with their male counterparts in the realization of their social and economic rights. In the field of education for example, the mission was informed that worrying disparities occasioned by unfair discrimination and ill-treatment exists between boys and girls.

74. According to available information, boys and young men in South Africa drop out of school at a far higher rate than girls and young women, yet the latter have significantly narrower subject and career choices than the former. Women are also overwhelmingly represented in the teaching service, but very few of them attain the rank of school principals and fewer still are visible in middle and senior management positions in the various departments of education. In the rural areas where many women live, they usually do not have rights to land nor do they have access to credit.

75. Perhaps aware of the important role played by women during the struggle to dismantle apartheid and in line with world-wide concerns on gender equality, section 119 of the Interim Constitution provides for the establishment of a commission on gender equality with the responsibility of promoting gender equality. Arising from this constitutional provision, the mission gathered, all Ministries and extra-ministerial departments in the new South Africa are to have a gender coordinating unit which will cater for women issues as they related to such departments.

76. In the Ministry of Lands, a gender equality unit has been created. The unit is expected to contribute to the review of land policies in such a way that certain tribal land ownership systems which exclude the majority of rural women from owning land are amended to take into consideration women's land rights. With regard to the Ministry of Education, a gender equality task team has been established which will advise on the creation of a permanent gender equity unit. The gender equity unit will be charged with studying and advising on all aspects of gender equality in the education system. It will, in particular:

(i) Identify means of correcting gender imbalances in enrolment, drop out, subject choice, career paths, and performance;

(ii) Propose guidelines to address sexism in curricula, textbooks, teaching and guidance;

(iii) Propose affirmative action strategies for increasing the representation of women in professional leadership and management positions, among others.

77. The mission took note of the passing of the Family Abuse Edict of South Africa. It equally took note of the steps being taken by the GNU to redress the tax and married allowance disadvantages suffered by married women under successive apartheid governments. Although special gender issues have been built into the RDP and in all sectors of the Government's activities as required by the Interim Constitution, the feeling among those consulted is that the economic empowerment of women from the disadvantaged communities in South Africa will require many years of effort. The mission took note of the activities to this end of non-governmental organizations such as the National Women's Coalition and the Black Sash whose contributions have been critical in generating a new sense of gender equality in South Africa. Through their efforts women's representation in Parliament has now increased significantly from the single seat under apartheid, and it was the expectation that increasing collaboration between these NGOs and the women Parliamentarians on women's concerns and women's empowerment would foster the quicker achievement of gender equality in the new South Africa.

VIII. THE RIGHT TO LIFE

78. Section 9 of the Interim Constitution guarantees every person's right to life. Unfortunately, this right continues to be violated in South Africa despite the political transition from apartheid to a non-racial democratic government as a result of the April 1994 multiracial and multiparty general elections. Incidents of political violence like the October 1994 massacre

in Gcilima on the south-west coast of Kwazulu-Natal, during which at least 100 alleged Inkatha Freedom Party supporters descended on an African National Congress stronghold killing 14 people and injuring 6 others, as well as the cold-blooded murder of Johan Heyns, a leader of the Dutch Reformed Church, illustrate that although apartheid has been dismantled, political violence cannot be willed away.

79. The October 1994 figure of 117 deaths set against the September figure of 128 represents a general downward trend in violation of the right to life occasioned by violence. In the Vaal Triangle, for example, where in 1993, 279 police officers were murdered, attacks on policemen declined from 117 in January 1994 to 33 in October of the same year. But while politically motivated violence has declined markedly since the April 1994 elections, the mission learnt that criminal violence involving armed robberies and muggings are frequent and are now spiralling upwards. Personal safety, as was the case during the era of racism and racial segregation, continues to be in jeopardy.

80. The magnitude of the situation has been underscored by recent warnings by eminent politicians. Freedom Front leader Constand Viljoen was reported recently as having warned that frustration among whites could ignite a struggle which could be extinguished only with difficulty. Democratic Party leader Tony Leon is reported as having remarked that South Africa is sitting on "a very thin crust of civil society overlaying a molten lava of anarchy". Similar concerns by Archbishop Desmond Tutu have been reinforced by an observation attributed to a senior police officer who, after reflecting on the rampant increase in criminal violence and noting that one person is murdered every 30 minutes, concluded that unless urgent steps are taken, "South Africa will eventually be faced with anarchy".

81. In spite of the view held in some quarters that the police may be exaggerating the increase in criminal violence in order to secure more funds for their budget, there was consensus of opinion among those consulted that the new South Africa needs safety, security and social stability as preconditions not just for the promotion of the people's right to life, but for the realization of their social and economic rights as well.

82. This fact, coupled with the apparent correlation between poverty and criminality on the one hand, and the importance of community involvement and participation in crime prevention and detection on the other, perhaps helps to explain the establishment of the police forums now in place in South Africa. According to information made available to the mission, the forums encourage the exchange of views between the police and local communities and enable the police to formulate appropriate local policing priorities and strategies. Basic courses on crime prevention and detection are usually organized for community representatives at these forums, while the concept of civilian policing is being impressed upon members of the new South African Police Force.

83. This force, which under apartheid consisted of 11 police formations with a staff of 124,000 and 26,000 at the centre and provinces respectively, has now been restructured into a single force for the entire country with a single command structure. The Special Rapporteur was informed that the police service is to be demilitarized and the rank structure civilianized. The police force members will also be discouraged from using excessive force in the course of their duties.

84. Police cells will be upgraded and force members are to receive instructions on human rights issues. New courses will be introduced with a view to erasing the mentality of using force to combat "terrorists" and torture to obtain confessions. Under the new dispensation, sanctions may also be instituted against policemen in cases of alleged police brutality. At the time of the mission to South Africa, seven top police officers were being investigated for alleged murder. The hope was expressed that the combination of retraining, persuasion and sanctions would result in an improved police image, which, in spite of the current changes, remains the same. In addition, continuing incidents of abuse of suspects in police custody were viewed with great concern and seen as having the capacity to threaten efforts to rebuild community/police relationships.

IX. ROLE OF THE INTERNATIONAL COMMUNITY

85. There are signs that the international community, having played an important role in accelerating the collapse of apartheid, intends to continue its solidarity with and support of the deprived masses in South Africa by providing the needed social and economic assistance. According to provisional figures released recently by the South African Department of Foreign Affairs, almost R 4 billion in aid and concessionary loans and finance have been guaranteed by foreign Governments since the historic multiracial elections in April 1994.

86. Among these are a $600 million aid package from the United States Government; a R 115 million German development aid package for the housing of farm workers; a R 430 million of Danish development aid for the period 1994-1998 for projects in land reform, rural development, education and training for black empowerment; a R 107 million loan to the South African Electricity Board (ESKOM) from the People's Republic of China for the electrification of homes in the rural areas; a US$ 15.48 million dollar loan from the Chiao Tung Bank of Taiwan (province of China) for the financing of farmer support projects in the former TBVC States; and R 16 million of Japanese aid to the Kagiso Trust in support of a variety of projects for the disadvantaged people of South Africa. Sweden also intends to keep its aid to South Africa at the current level of SKr 280 million (R 133 million) during the transitional period.

87. Multinational firms such as Volkswagen SA will contribute R 10 million over five years to community development, while Volkswagen AG has pledged an additional R 10 million to a leadership training programme in the Port Elizabeth area. Ford Foundation is providing funds towards training for civil servants in the Ministry of Lands and Surveys, under which some staff members are on short courses abroad to study land reform programmes in countries such as Mexico and China.

88. At the level of multilateral agencies, the World Bank and the South African Ministry of Reconstruction and Development are forging strategies for a local government renewal programme. The framework for the programme is expected to be published in March 1995 and it will address the rehabilitation of infrastructural services in urban and rural areas. The Commonwealth is assisting with the human resource development component of the RDP, while the United Nations Development Programme (UNDP) is currently assisting the Government to put in place a broad-based public service.

89. The European Union has confirmed approval of two further applications for joint venture projects with South African partners, amounting to almost R 3 million. This is in addition to the three applications approved earlier in November 1994 under the European Community Investment Partners Scheme. R 2.16 million of the joint venture scheme will be allocated between Nedcor, a South African finance company, and the German bank DEG for the provision of risk capital for small- and medium-scale enterprises in disadvantaged communities.

90. The United States Agency for International Development (USAID) is also understood to be assisting with R 5.25 million for the advancement of basic education and literacy in depressed areas, while the Prince Charles' Youth Programme, the Prince's Trust, together with the Royal Jubilee Trust, are to mount a major aid project aimed at helping disadvantaged young people in South Africa. A donation of £100,000 sterling has already been made and the aim is to raise a total of £1 million, to be spent mainly on educational and job creation projects.

91. UNICEF, working through a network of non-governmental organizations, has pledged US$ 20.4 million to achieve better health for South African children. Nigeria is to train some 500 black South Africans as part of its technical assistance to the new democracy. The training will educate them in key areas such as local government administration, customs and immigration services, budget and taxation, as well as communications development. The aim is to facilitate the full integration of the programmes's beneficiaries into the South African public service. Training programmes for the new Government's fledging functionaries are also taking place in institutions in Canada, Germany, Namibia, the Netherlands, Sweden, the United Kingdom, the United States and Zimbabwe.

92. These various demonstrations of continued support by the international community to the cause of the South African people received broad commendation from a cross-section of those consulted during the mission to South Africa. None the less, given the enormity of the challenges which must be overcome in order to guarantee the realization of the social and economic rights of the underprivileged class in South Africa, the need for continued assistance and support from the international community was emphasized to the Special Rapporteur by all.

X. CONCLUSIONS AND RECOMMENDATIONS

93. When the Government of National Unity (GNU) assumed office in April 1994, it started by repealing old apartheid laws that had the capacity to impede the realization of its objectives. New laws had to be enacted and policy blue-prints formulated by all government ministries and departments. This process of repeal of laws, enacting of new legislations and formulation of policies has led some critics unfamiliar with the peculiar circumstances confronting the GNU to accuse it of undue delay in seeing to the needs of the people. The first seven months or so having been spent establishing the necessary legal and policy framework, it was the understanding of the Special Rapporteur that effective implementation and upliftment of policies would start in earnest in 1995.

94. However, one consequence of the April 1994 general elections in which all South Africans exercised of their franchise and political rights as contained in sections 6 and 21 of the Interim Constitution, has been the restoration of citizenship to those South Africans who under apartheid were considered foreigners in their own lands and were consigned to so-called independent homelands or self-governing territories. With the reincorporation of these homelands and territories as provided for by the Interim Constitution, the country now has nine provinces (see annex III). The areas of the respective provinces are defined in part one of Schedule One of the Interim Constitution.

95. Reincorporation and reintegration of the people at the political level into the new South Africa is being pursued through the instrument of local governments. It is envisaged that metropolitan councils and transitional local councils will be set up before the local government elections in October 1995. However, following observations that the Local Government Transitional Act of 1993 did not adequately cover the rural areas, it has been amended to enable the GNU to redelineate district council boundaries in a way that would accommodate administrative structures of the former homelands in a more representative local government system.

96. Although the Centre for Law and Local Governments has embarked on education programmes, with a human rights component, for newly elected local government officers, the mission learnt that in some provinces, the central Government's directive on the creation of new local governments has yet to be implemented. In Natal Province for instance, the position of the Inkatha Freedom Party (IFP) is that tribal structures are adequate so there was no need for the creation of local governments. Many observers, interpret this position of IFP as an attempt by the party to retain its power base. The mission also learnt that most provinces would welcome greater devolution of powers that would enable the provinces to enact laws in areas such as education and health.

97. Another consequence of the April 1994 elections is the general improvement of the human rights environment in South Africa. In addition to introducing the universal adult franchise, and a charter of fundamental rights, as well as guaranteeing gender equality and providing for the office of the Public Protector (Ombudsman), the Interim Constitution also provides for the establishment of a constitutional court, which is scheduled to become operational in February 1995. This court will be the final arbiter in matters relating to the interpretation, protection and enforcement of the Constitution and its jurisdiction includes alleged or threatened violations of fundamental rights.

98. The Interim Constitution equally provides for the establishment of a human rights commission to promote the observance of, respect for and protection of fundamental rights; develop an awareness of fundamental human rights among all South Africans; make representations to the State at all levels regarding the adoption of progressive measures for the promotion and further observance of fundamental rights; and which could request organs of State to supply it with information on any legislative or executive measures adopted by it relating to fundamental rights. The Commission may also alert any legislature which proposes legislation in violation of international human rights norms and investigate alleged violations of rights or complaints in

such cases. A bill to establish the commission, which would report to parliament annually on its activities, has been passed by Parliament. Thus all the institutions for the enjoyment, protection and promotion of human rights are now in place.

99. The mission gathered during the consultations in South Africa that since taking office in May 1994 the GNU, apart from the social and economic measures already considered, has taken additional steps to promote human rights. One of these is the announcement on 18 October 1994 that a task force was being appointed to draw up a freedom of information act. The Task Force will consider information guarantees that will go beyond existing constitutional provisions on access to information. The legal system is reportedly now being adapted to cope with the added responsibility relating to a constitutional State and a Charter of Fundamental Rights. The GNU is setting up a truth and reconciliation commission of between 11 and 15 members to deal with political offences and perpetrators of human rights violations of the past. The purpose would be to heal the wounds of the past through disclosure of the truth and its acknowledgement.

100. South Africa has also begun the process of normalizing its international human rights commitments. On 3 October 1994, President Mandela signed the International Covenant on Economic, Social and Cultural Rights, the International Covenant on Civil and Political Rights and the International Convention on the Elimination of All Forms of Racial Discrimination. On that date, South Africa also subscribed to the Universal Declaration of Human Rights. The mission learnt that the country has now ratified five international instruments and signed eight such instruments. The signature and ratification of a number of additional instruments are envisaged for 1995.

101. Despite the creation of legal and policy frameworks that would facilitate the enjoyment of the social and economic rights of all South Africans, and in spite of the significant improvement in the human rights environment in the country, the mission noted the likely disruptive role which what has been described as "bureaucratic conspiracy" could pose to the implementation of the social and economic upliftment measures of the Government. Some Ministers were said to have had to grapple with rigidity and inflexibility on the part of some white bureaucrats whose jobs, in consideration of the principles of equity, justice and fair play, had been guaranteed by the Government.

102. Attention was also drawn to the growing culture of entitlement which was recognized as being at the root of land and building invasions and occupation by those who suffered exclusion and oppression under apartheid. The continuation of rent and service charge boycotts by residents have also been attributed to this culture. However, the overwhelming view of those consulted during the mission to South Africa was that such actions, useful as they were in the past, are now detrimental to the Government's effort to promote the social and economic rights of the people.

103. The mission also took note of the concern expressed by non-governmental organizations regarding the apparent decision by foreign donors to stop funding their activities following the dismantling of apartheid. It was argued that many non-governmental organizations, because of their track record of relating to the grass roots during the many years of apartheid, constituted

important vehicles by which programmes that would enhance the people's enjoyment of social and economic rights could be pursued. The mission endorses this view and recommends resumption or continuation of funding tied to specific projects to non-governmental organizations in South Africa in the interim, as the Government and NGOs should be seen as partners in the alleviation of the hardship suffered by rural populations. There is, however, a need for coordination of these efforts to avoid duplication.

104. The mission also recommends:

(i) The massive infusion of investment capital, development aid and technical assistance from the international community in what is obviously a second struggle to execute social and economic projects that would hasten the realization of the economic and social rights of disadvantaged South Africans. This is imperative, given the backlog of needs identified in almost all spheres of life;

(ii) That provincial governments should hasten the creation of local governments. This is in recognition of the key role which this level of government has to play in furthering not just the integration of the people within the new South Africa, but in the delivery of the Government's social and economic amenities. The creation of such governments would also bring development closer to the people through access to electricity, clean water, roads, primary health care centres and primary education;

(iii) That the peace initiatives which proved very effective during the political transition be maintained, cultivated and nurtured. This will facilitate a further reduction in the level of political violence;

(iv) That the ability of the police to combat violence and general criminality should be strengthened, while efforts to improve police/community relations should be vigorously pursued;

(v) That a programme directed at mopping up the youths in the streets should be given urgent consideration. Such a programme should strive to reorient them away from crime. Evidence that these youths consider crime more lucrative than engaging in legitimate activities or attending school makes a youth-centred rehabilitation programme very necessary;

(vi) That rent and service boycotts, as well as land invasions and occupation, should be ended to enable the Government to address systematically the needs of the people in a just and equitable manner;

(vii) That for affirmative action to be effective, it should be seen to be just and fair. Consequently, those civil servants that have found themselves unable to come to terms with the new environment in South Africa should volunteer to leave;

(viii) That a massive revamping of education directed at construction of new schools, equipping existing schools and increasing the number of classrooms should be embarked upon. Technical training should be pursued on a large scale to improve the skills of the disadvantaged communities. In addition, scholarships and bursary schemes should be instituted to enable indigent students to acquire the necessary education, either at home or abroad, that would facilitate their absorption into the South African labour market;

(ix) That because of the scope of the Reconstruction and Development Programme, consideration should be given to prioritizing projects and staggering their delivery so as to take maximum advantage of scarce resources and ensure visible benefits to the target groups;

(x) That a public enlightenment campaign be instituted by the Government. Such a campaign should advocate patience on the part of the deprived and disadvantaged peoples of South Africa and at the same time endeavour to explain measures and actions which the Government is taking to facilitate the realization of the social and economic rights of the people;

(xi) That as most of the poorest of the poor live in rural areas, it may be necessary to come up with a bold blueprint to address their particular needs and aspirations. This is especially so since the majority of those consulted were of the opinion that current upliftment policies are not far-reaching.

105. Having won the political struggle to overturn apartheid and transform South Africa into a multiracial democracy, the country now stands at the threshold of achieving social and economic emancipation for all its peoples. There is no doubt that given the existing political and economic climate in the country, restoring social justice would be daunting; equalizing social spending may seem financially intimidating, while creating enough jobs and adequate housing, providing education as well as health care for the majority would appear an awesome undertaking. However, it is pertinent to reiterate that nothing achieved on the political front will endure unless South Africa begins now to address the basic aspirations for a better life of the degraded and deprived members of its society in accordance with international human rights instruments. The success of its new-found democracy will ultimately depend on the success of that process. Fortunately, South Africans have shown that if they work together as was the case during the April 1994 elections, they can surmount any obstacle. It is on this unity of purpose and resolve that the international community anchors its hopes for the successful prosecution of what is obviously the second struggle for the social and economic emancipation of all South Africans.

UNITED
NATIONS

E

Economic and Social
Council

Distr.
GENERAL

E/CN.4/1995/25
16 January 1995

ENGLISH
Original: ENGLISH

COMMISSION ON HUMAN RIGHTS
Fifty-first session
Item 7 of the provisional agenda

QUESTION OF THE REALIZATION IN ALL COUNTRIES OF THE ECONOMIC, SOCIAL AND CULTURAL RIGHTS CONTAINED IN THE UNIVERSAL DECLARATION OF HUMAN RIGHTS AND IN THE INTERNATIONAL COVENANT ON ECONOMIC, SOCIAL AND CULTURAL RIGHTS, AND STUDY OF SPECIAL PROBLEMS WHICH THE DEVELOPING COUNTRIES FACE IN THEIR EFFORTS TO ACHIEVE THESE HUMAN RIGHTS, INCLUDING PROBLEMS RELATED TO THE RIGHT TO ENJOY AN ADEQUATE STANDARD OF LIVING; FOREIGN DEBT, ECONOMIC ADJUSTMENT POLICIES AND THEIR EFFECTS ON THE FULL ENJOYMENT OF HUMAN RIGHTS AND, IN PARTICULAR, ON THE IMPLEMENTATION OF THE RIGHT TO DEVELOPMENT

Report of the Secretary-General prepared in pursuance of Commission on Human Rights resolution 1994/11

CONTENTS

	Paragraphs	Page
Introduction	1 - 12	3
I. SYNTHESIS OF COMMENTS AND PROPOSALS SUBMITTED BY GOVERNMENTS	13 - 43	5
A. Comments	13 - 30	5
B. Proposals	31 - 43	9

GE.95-10143 (E)

CONTENTS (continued)

		Paragraphs	Page
II.	SYNTHESIS OF COMMENTS AND PROPOSALS SUBMITTED BY THE UNITED NATIONS SPECIALIZED AGENCIES	44 - 52	12
III.	SYNTHESIS OF COMMENTS AND PROPOSALS SUBMITTED BY INTERGOVERNMENTAL ORGANIZATIONS	53 - 69	14
	A. Comments	54 - 58	14
	B. Proposals	59 - 69	16
IV.	SYNTHESIS OF COMMENTS AND PROPOSALS SUBMITTED BY NON-GOVERNMENTAL ORGANIZATIONS	70 - 130	18
	A. Comments	70 - 93	18
	B. Proposals	94 - 130	24

Introduction

1. At its fiftieth session, the Commission on Human Rights, aware that the serious problem of foreign debt remains one of the most acute factors adversely affecting economic and social development and the living standards of the inhabitants in many developing countries, with serious effects of a social nature, concerned about the repercussions of structural adjustment programmes in the realization of economic, social and cultural rights and noting with regret the negative effects of the policies adopted to face situations of external debt on the enjoyment of economic, social and cultural rights, adopted resolution 1994/11 in which it, inter alia, stressed the importance of alleviating the debt and debt-service burdens of developing countries with debt problems in the framework of the realization of economic, social and cultural rights as well as the need to implement additional debt-reduction measures, including further cancellation or reduction of part of the official debt or debt-service, and the adoption of more urgent actions with regard to the commercial debt owed by developing countries.

2. In operative paragraph 6 of the resolution, the Commission requested the Secretary-General to submit, in a process of high-level consultations with heads of State or Government, heads of the multilateral financial institutions and specialized agencies, as well as intergovernmental and non-governmental organizations, a report to the Commission on Human Rights at its fifty-first session on the adequate measures to be implemented in order to find a durable solution to the debt crisis of developing countries so that they might fully enjoy all human rights.

3. In order to prepare for the high-level consultations requested in operative paragraph 6 of the resolution, the High Commissioner for Human Rights, on behalf of the Secretary-General, addressed a letter on 24 October 1994 to Ministers of Foreign Affairs and a letter, dated 1 December 1994, to heads of the multilateral financial institutions and specialized agencies, as well as intergovernmental and non-governmental organizations, inviting their comments and proposals on adequate measures to be implemented in order to find a durable solution to the debt crisis of developing countries so that they may fully enjoy all human rights.

4. Comments and proposals were received from Governments, United Nations specialized agencies, intergovernmental organizations and non-governmental organizations.

5. Comments and proposals were received from the head of State and Government of Cuba. In addition, comments and proposals were received from the Ministries of Foreign Affairs of the following Member States: Bangladesh, Ecuador, Egypt, Honduras, India, Indonesia, Mexico, Niger, Pakistan, South Africa, Turkey, Venezuela, Yugoslavia.

6. The Government of Burkina Faso informed the High Commissioner for Human Rights that the competent authorities of that country are presently examining the measures that could be taken with a view to finding a durable solution to the debt crisis of developing countries so that they may fully enjoy all human

rights. The results of these consultations at the national level will be communicated, as soon as possible, to the Secretary-General of the United Nations.

7. The following United Nations specialized agencies replied: World Health Organization and United Nations Industrial Development Organization.

8. The Director of the External Relations Division of GATT, replying on behalf of the Director-General, informed the High Commissioner for Human Rights that GATT had no relevant information to offer in regard to the subject-matter.

9. The following intergovernmental organization replied: South Centre.

10. The following non-governmental organizations replied: African Association of Education for Development, Afro-Asian Peoples' Solidarity Organization, American Association of Jurists, Center of Concern, Food First International Network (FIAN), International Confederation of Free Trade Unions (ICFTU), International Federation Terre des Hommes, International Union of Socialist Youth, Joint Conference Church and Development (GKKE), Organization of African Trade Union Unity (OATUU), OXFAM, Socialist International Women, World Alliance of Reformed Churches, World Federation of Trade Unions, World Young Women's Christian Association.

11. The present report contains a synthesis of the comments and proposals on the above subject received as of 23 December 1994 which could assist the Commission on Human Rights in its deliberations on the subject-matter. In order to supplement the information received under Commission resolution 1994/11, the present report also draws upon relevant information submitted under previous resolutions of the Commission on Human Rights on the same subject. 1/ The contents of the present report can be read in conjunction with the Comprehensive report of the Secretary-General prepared in pursuance of Commission on Human Rights resolution 1993/12 (E/CN.4/1994/17 and Add.1) on the repercussions and prospects of the debt crisis and adjustment

---

1/ These include replies received in connection with Commission resolutions 1993/12 and 1993/22:

(a) Governments: Guatemala, Jordan, Morocco, Senegal, Zimbabwe;

(b) Intergovernmental organizations: League of Arab States;

(c) Non-governmental organizations: General Arab Women Federation, International Council for Adult Education, International Federation of University Women, Inter-Parliamentary Union, Regional Council on Human Rights in Asia, and Women's International League for Peace and Freedom;

(d) Other organizations: Arias Foundation for Peace and Human Progress, Asian Women's Human Rights Council, and Environmental Development Action in the Third World.

programmes on the effective enjoyment of economic, social and cultural rights of developing countries, submitted to the Commission at its fiftieth session.

12. Any additional comments and proposals which are received by the Secretary-General pursuant to his request will be compiled and submitted in addenda to this report.

I. SYNTHESIS OF COMMENTS AND PROPOSALS SUBMITTED BY GOVERNMENTS

A. Comments

13. Among the replies received, there is general recognition that the measures implemented so far are no longer sufficient and that an equitable and durable solution to the debt crisis and the resumption of development in a large number of developing countries require the implementation of comprehensive measures, at both national and international levels. A number of Governments emphasized that the debt strategy should take into account the growing socio-economic problems faced by the international community, such as poverty, unemployment and social marginalization, which constitute violations of human rights, and attach priority to the improvement of human conditions, including the standard of living, quality of life, health, food, education, income and employment, especially of the most vulnerable and low-income groups.

14. Among the replies received, there is general agreement that foreign indebtedness is one of the most pressing factors which still determines the economic and social development and the standard of living in many countries. A number of Governments reported that the foreign debt of developing countries, in particular of the least developed countries, has had a negative impact on their development efforts as a substantial amount of the national resources are being diverted for servicing and repaying these debts. The inability of these Governments to undertake investments in economic and social programmes has led to a decline in their incomes, an increase in unemployment, a drop in purchasing power, an increase in urban poverty and cuts in social budgetary allocations to the detriment of education, nutrition and public health, consequently affecting also the enjoyment of human rights by their populations, particularly of the poorest sectors.

15. Most Governments, in their replies, drew attention to the intimate link between economic development and the enjoyment of human rights and the danger posed by the problem of foreign debt to the conceptual values of democracy, to the proper enjoyment of all human rights and to national sovereignty. They pointed out that the experience of many developing countries indicates that the serious financial and economic problems faced by these countries are reflected in the political, social and cultural life of those countries whose Governments have contracted considerable debts with foreign financial bodies under the auspices of the International Monetary Fund and the World Bank. The devastating effects of the debt crisis has, for almost a decade, prevented the economic and social development of many developing countries, threatening the basic human rights and fundamental freedoms, including the right to development.

16. A number of Governments pointed to political instability and social upheaval in developing countries provoked by the debt burden and the implementation of structural adjustment programmes imposed by international banks and multilateral financial institutions. Pointing to the experience of some least developed countries in Africa, a number of Governments warned that such political destabilization and social disintegration could deteriorate into civil war or a political vacuum in the central Government, massive refugee flows across borders, South-North migration and famine. Some Governments warned that there is a high probability for such a situation to develop in heterogeneous societies.

17. A number of Governments, explicitly or implicitly, underlined that the problem of external debt cannot be resolved in isolation from the need for overall development and must, therefore, be addressed within the framework of the realization of the right to development. An assessment of the problem as well as the formulation and implementation of measures for an equitable and durable solution to the debt crisis must be guided by the fact that the right to development, as reaffirmed by the World Conference on Human Rights, is an inalienable human right and an integral part of fundamental human rights. Only then can the problem of foreign debt be dealt with in a way that will contribute to the global consolidation and promotion of human rights.

18. Most Governments reiterated that the realization of the right to development requires that States must cooperate with each other in order to ensure development and to eliminate the obstacles to development. It also requires that efforts at the international level to promote and protect human rights must be accompanied by efforts to establish a new international economic order based on sovereign equality, interdependence, mutual respect and cooperation between all States as well as the encouragement, observance and realization of all human rights.

19. Many Governments indicated that while the various policy approaches and measures adopted so far by the creditors to address the problem of external debt, including the Brady plan, the Paris Club, the Toronto Terms, the Houston Terms, the Trinidad Terms and structural adjustment programmes of international financial institutions, have contributed to alleviating the problem of external debt in some developing countries, they have proven to be ineffective in most of the developing countries, particularly the least developed countries. While such measures may have postponed a payments crisis, they have been implemented at the cost of extraordinary economic and social sacrifices and do not constitute a solution. In this connection, many Governments pointed to the growing number of developing countries that, since the middle of the 1980s, have begun to face serious difficulties in meeting their debt-servicing obligations.

20. A number of Governments reported that, despite repeated rescheduling, many developing countries have not been successful in fully implementing their debt-service obligations scheduled over several years. The severe difficulties that many developing countries face in servicing the debt has resulted in the persistent accumulation of arrears, which are unpaid debt-service obligations, by a growing number of developing countries reflecting that the debt service is beyond their capacity to pay. An important aspect of the debt problem of many developing countries with large

debt-servicing arrears is the extent of debt owed to multilateral creditors, which now represents a sizeable proportion of total debt-service payments. Since the status of "preferred creditors" enjoyed by the international financial institutions does not permit the rescheduling, reduction or cancellation of multilateral debt, an increasingly larger portion of total debt-service payments is directed to meet the debt-service requirements of multilateral creditors. Given the limited resources available for debt-service obligations to multilateral creditors, meeting the debt-service obligations to multilateral creditors could only be accomplished by incurring even larger arrears to bilateral and private creditors. In recent years, there has also been a rapid growth in arrears of debt-service owed to the international financial institutions reflecting the intensification of the debt burden of many heavily indebted developing countries.

21. A number of Governments drew attention to the negative impact of foreign indebtedness on new financial inflows which has contributed to further hampering the development efforts of heavily indebted developing countries. Developing countries with large arrears have ceased to be eligible for development loans and trade financing has frequently stopped altogether. Some Governments of least developed countries indicated that despite reform measures undertaken by them under the Structural Adjustment Facility and the Enhanced Structural Adjustment Facility arrangements with the IMF, there had not been the expected improvement in the ODA level or in debt relief. The "overhang" of foreign debt has also constrained inflows of capital in the form of foreign investments.

22. Comments received from Governments also indicate that there are other developing countries with serious debt problems which, nevertheless, do not have arrears on their debt-service payments. Some Governments reported that they are meeting their debt-service obligations only at a heavy price in terms of their economic and social development.

23. Most Governments pointed to the continued growth of the total external debt of developing countries estimated at over US$ 1,770 billion for 1993, 15 times the figure for 1970, and with it the burden of debt servicing, constituting a major obstacle to economic and social development. At the end of 1992, the total debt stock of developing countries represented 60 per cent of their combined GNP.

24. Many Governments expressed serious concern about the rapid rise in multilateral debt, in particular that owed by developing countries to the World Bank, the International Monetary Fund and the regional development banks. Between 1982 and 1992, multilateral debt had multiplied more than threefold from US$ 98 billion to US$ 304 billion, representing 18 per cent of the total debt of these countries. In the case of Africa, debts owed to international financial institutions amounted to 23 per cent of the total African debt. One Government (Honduras) reported that its multilateral debt accounted for 60 per cent of its total official foreign debt. Between 1992 and 1994, the servicing of multilateral debt represented 22 per cent of total debt-service payments of the most indebted countries.

25. Concern was also expressed about the net transfer of financial resources from developing to developed countries as well as to the international

financial institutions. The increasing debt-service payments have exercised a significant effect on the net transfer of foreign resources and developing countries now pay back more in the form of debt servicing than they receive in loans contributing to the growing income gap between developed countries and developing countries.

26. Many Governments indicated that the burden of debt of developing countries and, in particular, that of the least developed countries is aggravated by an unfavourable international economic environment. It was pointed out that the several facets of the external economic environment extend beyond the relationships between borrowers and lenders and include questions relating to declining commodity prices and earnings, the rise of protectionism in the markets of developed countries, the growing constraints on aid budgets and external resource flows of various kinds, the heightened fluctuations of exchange rates and rising international interest rates. Some Governments drew attention to the negative impact sanctions have had on their access to financial and trade markets. One Government emphasized the economic and social problems of countries suffering under the pressure of international sanctions and the strains faced by them in their efforts to service their foreign debt regularly and to provide the resources indispensable for their development. Such difficulties had made it impossible for that country to participate actively in the deliberations of international forums dealing with these issues. It was pointed out that heavily indebted developing countries are even more vulnerable to external pressure and intervention in the internal economic affairs of their country, endangering their national sovereignty.

27. Many Governments pointed to the structural adjustment programmes and the conditionalities prescribed by the international financial institutions. These have resulted in severe economic contractions and harmful social repercussions, reflected in declining output, rising unemployment and declining per capita incomes. While in some cases structural adjustment programmes have led to an improvement in certain economic indicators, they have not in any significant manner promoted economic growth nor brought about the changes in economic structures that are necessary to avoid future debt problems. Some Governments pointed out that the lack of sufficient external financial support to permit adjustment to occur without choking economic growth, the absence of equity in prescriptions for structural adjustment and the doctrinaire belief in the efficacy of market forces and monetarist policies all combined to reinforce inequalities and aggravate poverty.

28. Many Governments underlined that little had been done by the developed countries and the international financial institutions to reverse this situation and to create a just and equitable system of economic and financial relations which fully respond to the present requirements of the world economy and the need for economic growth and development of the developing countries. The measures imposed so far had shifted responsibility for debt payments, in an unequal and unjust manner, to the developing countries and on the poorest sectors of their populations.

29. A number of Governments recognized the importance of correcting structural distortions in the economies of developing countries and adopting appropriate macroeconomic policies in order to restore economic growth and to meet social objectives. Some Governments indicated that the lack of

diversification of production and the focus, in many developing countries, on one or two primarily agricultural products expose them to a high-risk margin. Reference was also made to the lack of strong infrastructure, low standard of local importers and the poor performance and efficiency of commercial institutions which have contributed to a decline in direct foreign investments. A few Governments reported on various measures they have undertaken, including those aimed at improving social welfare, improving public services and modernizing the State, encouraging foreign investments and private sector activities, increasing productivity and production, reducing inflation and ensuring economic stability. It was reported, however, that the structural reforms undertaken by them in the 1980s had been undermined by an inappropriate approach towards structural adjustment and conditionalities prescribed by the international financial institutions. In this connection, it was considered important that the developing countries themselves play an effective part in designing the character and content of a policy framework aimed at preventing recurrence of debt problems. Many Governments underlined that there must be recognition of the sovereign right of each State to determine its own national policies and programmes, in accordance with its own priorities and without any external interference.

30. There is general recognition, in the replies received, that to be effective, structural reforms and growth-oriented socio-economic policies at the national level must be supported by international action. Most Governments underlined the need for the international community to create a more favourable international economic environment.

B. Proposals

31. There was general recognition that the problem of external debt is of an economic, political, social and historical nature and as such cannot be resolved through an exclusive focus on the technicalities of the debt problem alone but must involve a global approach. The essence of a sound scenario for the future must necessarily be the link between debt, development and human rights, particularly the right to development.

32. A number of Governments underlined the importance of cooperation between developed and developing countries and, in this regard, emphasized the need to strengthen the existing multilateral economic processes. They pointed out that the continued growth of markets in goods and services, the expansion of global credit, including credit on concessional terms, and the development and dissemination of technology on a global basis were predicated on preserving the multilateral framework for international economic cooperation. They also underlined that protecting the environment and achieving sustainable development requires concerted international action, within the multilateral framework, in diverse areas, including the transfer of environmentally sound technology.

33. An essential feature of multilateral economic cooperation is an equitable and durable solution to the debt crisis so that developing countries may fully enjoy all human rights. In this connection, a number of Governments emphasized the need to uphold the principle of national sovereignty and the principle of shared responsibility between creditor and debtor countries when formulating and implementing measures at the international level.

34. Many Governments, implicitly or explicitly, recognized the need for measures to alleviate the debt burden as intermediate steps towards a durable solution to the debt crisis. The measures proposed by various Governments ranged from substantial debt reduction to debt cancellation of all categories of debt including commercial, bilateral and multilateral debts, as an alternative to repeated debt rescheduling. Some Governments reiterated the proposal for a once-and-for-all debt settlement endorsed by the Ministerial Meeting of Non-Aligned Countries on debt and development, held in Jakarta in August 1994. The Meeting had called for a global reduction of an average of 70 per cent of the debt of developing countries. They emphasized, however, that within this overall framework of once-and-for-all debt settlement, debt reduction for individual countries must be approached on a genuine case-by-case basis so that the most appropriate policies are adopted for each country. In order to ensure that such a once-and-for-all debt settlement leads to the restoration of credit-worthiness of debtor countries and the achievement of a reasonable rate of economic growth, the final settlement of debt and net flows of financial resources on appropriate terms must be worked out as integral components of a comprehensive external financing package.

35. Some Governments stated that the reduction of multilateral debt to international financial institutions will not, as has been argued, impair the credit standing of these multilateral financial institutions on the capital market and consequently to less favourable terms of lending. They pointed out that the reputation of multilateral institutions on the international markets depends not on the security of outstanding loans but on capital guarantees from its members. However, in order to avoid jeopardizing the credit rating of multilateral institutions, they proposed that measures such as the use of accumulated bank reserves, sales of IMF gold, new issues of special drawing rights and the conversion of debts into equity investments be considered when implementing debt reduction.

36. A number of Governments underlined, however, that debt reduction, whatever its magnitude, or even debt cancellation, would not by themselves lead to economic growth and development. Additional measures, at the national and international levels, to prevent recurrent crises of foreign debt would be necessary to enable developing countries to achieve sustainable development and enjoy human rights. They include access to financing on reasonable terms as well as access to international markets, both of which are necessary if developing countries implementing structural socio-economic reform programmes are to effect this transition smoothly and are to pursue outward-oriented trade and development strategies.

37. Many Governments recommended that the lending policies of the international financial credit institutions be modified in the following ways:

(a) It should be recognized that adjustment needs to be stretched over a longer period of time;

(b) Adjustment programmes must be determined within each country in response to local needs, particularly those of the vulnerable groups in society, and be designed and implemented so as to avoid adverse distributional effects;

(c) The recent trend towards declining multilateral lending to developing countries and net negative resource flows should be reversed and multilateral lending substantially enhanced, in particular, through concessional windows such as the International Development Association;

(d) The trend towards policy-based lending by international financial institutions which is subject to wide-ranging conditionalities should be reversed.

38. Many Governments also suggested that the international credit markets should continue to provide an assured supply of long-term credit, in particular for those developing countries which have not benefited from foreign investment inflows and private capital flows in general.

39. The need for an increased flow of development assistance was also emphasized. In this regard, it was urged that OECD countries, inter alia, ensure full disbursement of 0.7 per cent of their GNP as ODA at the earliest time; provide debt relief in general and in line with the Programme of Action for the Least Developed Countries; augment development assistance that will take into consideration the need to alleviate the debt burden and the social and development needs of the developing countries; and ensure the timely disbursement of development assistance and the matching of commitment and disbursement.

40. A number of Governments also underlined that the maintenance of an open global economy depends critically on an equitable, secure, non-discriminatory multilateral trading system which is of prime importance for the expansion of world trade and enhanced economic prospects for all countries. They pointed out that, whereas developing countries are engaged in a series of economic reforms and opening up their economies, access to markets in the developed world continues to be constrained by various trade restrictions. This, they stated, has serious implications both for sustainable economic growth and social development in the developing countries as well as for the process of economic reform itself. An equitable and durable solution to the debt crisis facing developing countries, therefore, also requires an international economic environment where they can exert their competitiveness through access to markets and environmentally sound technology.

41. Some Governments emphasized the importance of strengthening South-South cooperation in order to resolve the problem of external debt and to stabilize the price of primary commodities at a higher level. One Government proposed that a planning authority for the African continent be established to formulate a comprehensive strategy in all sectors through the preparation of future medium- and long-term plans and to supervise the implementation of development projects in accordance with the established plans.

42. The planning authority would consist of experts appointed by the African countries and by the donor countries. International institutions could, if necessary, also participate. The planning authority would undertake negotiations with the donor countries with a view to establishing Funds that would be owned and supervised by the African countries themselves. The proposed initial capital would be determined in the light of the total debt

servicing due, the value of the annual official development aid provided by each donor country and any additional funding. The Funds would act as a depository for the profits accruing from profit-making projects. Prior agreement would be reached on the percentage of profits to be allocated to the donor and to African countries on the understanding that part of the profits will be channelled back into the Funds to finance new projects or to develop existing ones.

43. A number of Governments underlined that the global extent and political character of the debt crisis required a genuine political dialogue between creditor countries and debtor countries based on the principle of shared responsibility. Many Governments were of the view that the problem of foreign debt should be discussed within the framework of the United Nations whose principal function is to safeguard international peace and security, which are intrinsically linked with development. The importance of the continued consideration of the issue in the United Nations General Assembly was emphasized. Some Governments urged the Secretary-General of the United Nations to initiate a process of dialogue with a view to achieving common agreement on a global, equitable and durable solution to the debt crisis, under the auspices of the United Nations, with the full and equal participation of all Member States. A number of Governments underlined that such a process, undertaken within the framework of the United Nations, should also help to initiate a dialogue aimed at restructuring international economic relations on a more just and equitable basis. Such an approach would enable greater progress to be made on the problem of foreign debt and meet the legitimate concerns of the developing countries most affected by the crisis.

II. SYNTHESIS OF COMMENTS AND PROPOSALS SUBMITTED BY THE UNITED NATIONS SPECIALIZED AGENCIES

44. The World Health Organization and the United Nations Industrial Development Organization indicated that they have undertaken measures to alleviate the debt burden of developing countries. UNIDO reported that in a resolution on external debt and industrial development, its General Conference at its fifth session had requested the Director-General to ensure that in the planning, formulation and implementation of its activities the debt problems of developing countries be considered in connection with their priorities; to improve the present methods of industrial financing and apply, within the sphere of its competence, innovative approaches and proposals for projects that aim at attenuating, inter alia, the negative effects of external debt on industrial development; and to promote financial contributions to the Industrial Development Fund to rehabilitate and increase the competitiveness of industry of the highly indebted developing countries. The Director-General was also requested to report on the implementation of that resolution to the sixth session of the General Conference.

45. Accordingly, in the report submitted, the Director-General of that organization outlined the various activities undertaken by the organization in regard to the request contained in the resolution. The report indicated that its technical cooperation activities in developing countries serve to alleviate the burden of external debt in various ways, both directly and indirectly.

46. It reported that a direct impact assessment is made in the case of import-oriented projects, whose output generates foreign exchange earnings, part of which may be used to service the external debt. Similarly, the promotion of import-substitution industrial projects leads to indirect savings of foreign exchange. Many developing countries, however - in particular in Sub-Saharan Africa - continue to be highly dependent on imported inputs of raw materials, intermediate and capital goods and replacements parts, thus perpetuating the need to raise external finance. In this connection, the organization assists such countries in establishing competitive production structures in various industrial sectors, thus contributing both to sustainable industrial development and reduction of impact of external debt.

47. It also reported that it provides several specialized services which have a direct bearing on a country's debt-servicing capacity. These include quality control, standardization and metrology which have crucial impact on the successful marketing of industrial goods for export, not only in the global market, but also at regional and subregional levels.

48. At the micro level, the organization's programme on enterprise restructuring provides technical guidance and support to improve efficiency and techno-economic viability of major State-owned industrial enterprises, many of which carry substantial external debt. In the view of the organization, stemming the flow of losses from such enterprises by liquidating production operations that are no longer financially viable enables the freeing of additional funds for debt servicing, while the privatization of viable State-owned industrial enterprises offers potential for debt-conversion schemes under which external debt obligations are, at least partially, converted into equity holdings in the privatized enterprises.

49. The organization also indicated that it assists developing countries in identifying the most cost-effective means of financing their industrial and technological development.

50. Among the important changes introduced in 1994 to its organizational structure was the creation of the Development Finance Institutions Unit within the Mobilization and Management of Financial Resources Division. The Unit promotes the implementation of programmes with financial support of multilateral financial institutions such as the World Bank Group and regional development banks.

51. The World Health Organization stated that it has, in the past, called attention to the potential adverse impact of structural adjustment policies on developing countries, if such policies discourage investment in the social sector. For instance, if investment in the essential elements of primary health care was discouraged, the population would be unable to enjoy the right to health.

52. Furthermore, following the adoption by the World Bank of a policy of increased investment in the social sector, including health, WHO has reached an agreement with the World Bank to support the health sector and improve the health status of populations of developing countries. In November 1994, the

first joint review meeting was held to discuss collaboration at the global, regional and national levels and concluded its work with a pledge to build a "true partnership in health" by combining the technical expertise and financial resources of the two organizations in support of health projects all over the developing world. The two institutions will initiate systematic exchanges of information and coordination at all levels and will regularly review the work of commonly supported health projects. One of the priorities emphasized at the meeting was the need to strengthen the capacity of Governments to become effective coordinators, as they have a critical role to play in the organization and the overall development of health programmes in their own countries.

III. SYNTHESIS OF COMMENTS AND PROPOSALS SUBMITTED BY INTERGOVERNMENTAL ORGANIZATIONS

53. The following is based on replies received from the League of Arab States and the South Centre. The South Centre also submitted the report of the Non-Aligned Movement Ad Hoc Advisory Group of Experts on Debt, which was assisted in its work by the South Centre, as well as the report of the Ministerial Meeting of Non-Aligned Countries on Debt and Development, held in Jakarta in August 1994.

A. Comments

54. The League of Arab States and the South Centre, in their replies, indicated that the issues of development and foreign debt are among the principal problems facing the developing countries. Since indebtedness has a close bearing on development, they cannot be viewed in isolation from each other. In this connection, the Council of the League of Arab States had, in September 1992, adopted a resolution approving the promulgation of an Arab Declaration on Development, Indebtedness and Human Rights. Repayment of foreign debt and debt servicing constitute a burden and divert large portions of the national income of developing countries away from development. A major conclusion of the Ministerial Meeting of the Non-Aligned Countries on Debt and Development, contained in its report, was that the severe problem of foreign debt remains a veritable impediment to economic growth in many countries. As countries are obliged to give priority to servicing their external debt, Governments have been forced to reduce essential public investments, particularly on physical and social infrastructure. The Meeting also noted that this has led to a sharp increase in poverty and to a decline in basic social indicators.

55. There was recognition that the measures taken so far to address the problem of foreign debt had failed to bring about a durable solution to the crisis in a manner leading to sustained economic and social development. The Ministerial Meeting of Non-Aligned Countries noted that debt-rescheduling arrangements, the preferred approach adopted by most creditors, have failed to alleviate the heavy debt-servicing burden. Rather, they have, in some instances, contributed to increasing the debt stock and hence to the postponement of the resolution of the debt problem, and the restoration of creditworthiness and external viability.

56. Both intergovernmental organizations proposed a number of measures that must be taken by the international community in order to find a durable solution to the debt crisis affecting many developing countries. The League of Arab States indicated the need to address the question within the framework of the Declaration on the Right to Development, which was reaffirmed by the World Conference on Human Rights as a universal and inalienable right and an integral part of fundamental human rights. It pointed out that, given the acute economic difficulties arising from foreign indebtedness, developing countries are unable to enjoy fundamental freedoms to the same extent as the major industrialized countries. States should cooperate with each other to ensure the realization of the right to development and to remove the obstacles impeding it.

57. The Non-Aligned Movement Ad Hoc Advisory Group of Experts on Debt found that the debt crisis, which had manifested itself in the early 1980s as a crisis primarily of the middle-income countries of Latin America, and as a crisis of private commercial debt, had continued in the 1990s, but in a different form. The debt crisis of the 1990s is one that mainly affects a large and increasing number of poor and low-income countries. It is also, in large part, a crisis of official debt - both bilateral and multilateral. Using the yardstick of the number of countries whose arrears exceeded 20 per cent, the Group found that there were 55-60 countries in 1992 which were facing extreme difficulties in servicing their debt. Included in this group are 32 least developed countries - two thirds of the countries designated as least developed by the United Nations. In addition, the Group noted that there are a significant number of other developing countries which continue to service their debt, but at a considerable economic and social cost to their development efforts.

58. The Non-Aligned Movement Ad Hoc Advisory Group of Experts on Debt also noted that arrears are a key indicator of the intensity of a developing country's debt burden because of their undisputed nature as actual facts. If a country is in arrears it is a clear sign that its debt service is beyond its capacity to pay. At the same time, the Group emphasized that, while using arrears as the key indicator of the debt burden of developing countries is appropriate, it should be kept in mind that there are developing countries with serious debt problems which, nevertheless, do not have arrears on their debt-service payments. These countries refuse to incur arrears, in order to assure continuing access to market borrowing. On the question of the continuing ability of developing countries to pay back their foreign debts, the Ministerial Meeting of the Non-Aligned Countries on Debt and Development concluded, "despite repeated attempts at debt rescheduling, and some debt relief, it is clear that the remaining debt stock of developing countries remains so high that the possibility of it being settled in full is virtually nil". In view of the above, the Meeting endorsed the need for substantial debt reduction, as opposed to repeated rescheduling, as the most appropriate approach for the resolution of the debt crisis of developing countries.

B. Proposals

59. The proposals submitted by the two intergovernmental organizations included both urgent measures to provide adequate relief to the countries whose debt problems have reached major dimensions as well as long-term measures to ensure the non-recurrence of critical debt problems.

60. Proposals made in regard to urgent measures ranged from debt reduction to cancellation of part or all outstanding foreign debt and/or interests.

61. With regard to debt reduction, the Ministerial Meeting of the Non-Aligned Countries on Debt and Development endorsed the following principles:

(a) A once-and-for-all arrangement for settling all outstanding debt;

(b) The application of debt reduction to all categories of debt, including multilateral debt; and

(c) The application of the above principles as well as an adequate degree of debt reduction for all countries, although within such an overall framework, there will necessarily be a case-by-case approach in dealing with the debt of individual countries.

62. The Meeting also endorsed the use of third parties to undertake an assessment of the debt problems of countries and to put forward recommendations on debt reduction, the inflow of new resources and the restoration of creditworthiness.

63. The Meeting agreed that debt-reduction efforts, if they are to result in the easing of the debt burden of the debt-distressed countries, must also include multilateral debt. It also agreed that debts incurred to the former Soviet Union for development purposes should be treated in the same manner as other debts. For some poor debt-distressed countries, however, a high proportion of whose debt to the former Soviet Union was incurred for military purchases during the Cold War era, there is a need for a special and separate consideration of such debts.

64. In addition to the above, a number of proposals were submitted on steps to be taken to prevent a recurrence of the debt crisis. The measures proposed cover three broad areas that underlay the causes of the debt crisis of 1980s: the access the developing countries have to external resources and the scale and terms on which these are available; the prudence and efficiency with which the developing countries use these resources; and the health and vitality of the global economic environment.

65. There was agreement, in the replies received, that the international community will need to increase the supply of concessional funds, particularly of assistance provided by international organizations and financial institutions. In this regard, the Non-Aligned Movement Ad Hoc Advisory Group of Experts on Debt, noting the difficulties relating to borrowing on private capital markets, emphasized the need to look more closely at the future framework for the channelling of official credits to developing countries. Since Government-to-Government credits are closely dependent

on bilateral aid and other relations, the focus must fall more on the multilateral financial institutions, particularly the World Bank and the regional development banks. In this regard, the Non-Aligned Movement Ad Hoc Advisory Group of Experts on Debt suggested that the following be taken into consideration in connection with any future reform or adaptation of these institutions:

(a) The need to design the resource base of the long-term international lending institutions with a view to matching the scale of the facilities available to needs;

(b) The need to enable these institutions to better adjust their lending terms to the requirements of countries in different situations. This, the Group, stated, may call for improvisations and modalities beyond those already in existence to help these institutions to play a fuller role in financing development;

(c) Arrangements to give the developing countries a stronger voice in the decision-making processes of these institutions.

66. The League of Arab States suggested the inclusion of considerations pertaining to the right to development in the lending policies of major international financial institutions, such as the World Bank and the International Monetary Fund, with emphasis on the importance of the transfer of advanced technology to developing countries.

67. On the question of domestic policies, the Ministerial Meeting of the Non-Aligned Countries on Debt and Development agreed on the need for sound economic policies to restore growth and external viability. It also noted the importance of each country designing its own structural adjustment programmes. Both intergovernmental organizations, in their replies, expressed concern about the conditionalities associated with the attempts to manage debt problems of indebted developing countries. In this connection, the League of Arab States suggested the formulation of criteria to prevent some countries from using human rights as a pretext to interfere in the internal affairs of developing countries or to suspend economic assistance to them. On the same subject, the Ministerial Meeting of the Non-Aligned Countries on Debt and Development stated that while conditionalities related to the use of resources are necessary and legitimate, and could also have a beneficial impact in so far as they impose discipline on the use of resources, it rejected the application of other political or ideologically motivated conditionalities.

68. In the replies received, there is also agreement on the need for the international community to create a favourable international economic environment in order to prevent future debt crises. In this regard, the Non-Aligned Movement Ad Hoc Advisory Group of Experts on Debt stated that "it is difficult, virtually impossible, to envisage a future world free of debt crises if there is persistent malaise in the global economy and the developing countries continue to be affected by the recessionary forces emanating from the world at large". The replies indicate that the following issues that are closely interwoven with the debt problem must be addressed by the international community: the improvement of the terms of trade of developing countries and the question of commodity markets; improved market access and

the reversal of protectionist trends; improved aid and other types of external resource flows; the workings of the international systems in the areas of money and finance; and the question of macroeconomic policies of the major industrialized countries.

69. In this connection, the Non-Aligned Movement Ad Hoc Advisory Group of Experts on Debt, noting that "a future world free of debt crisis is closely dependent on the resolution of the issues that have hitherto made up the North-South dialogue", underlined the importance of reactivating the dialogue.

IV. SYNTHESIS OF COMMENTS AND PROPOSALS SUBMITTED BY NON-GOVERNMENTAL ORGANIZATIONS

A. Comments

70. There was general recognition, in the replies received from non-governmental organizations, that foreign debt remains a major obstacle to human development and to the enjoyment of human rights, in particular the right to development and economic, social and cultural rights. Repayments of debt absorb several billion dollars annually, diverting on a massive scale the resources needed for investment in health, education, employment and economic recovery. One organization indicated that the world's poorest countries, particularly in Africa, are paying four times more to creditors in developed countries than for the health and education of their own citizens. Many considered that these transfers were unacceptable and should be stopped.

71. Many organizations pointed to the rapid growth over the past 10 years of multilateral debt owed to the IMF and the World Bank, which has become the largest single item of debt for many developing countries. Since the statutes of these institutions do not permit multilateral debt to be reduced, rescheduled or cancelled, it is being serviced by development aid which ought to be financing poverty reduction and long-term development. Consequently, the credit extended by these institutions, including the regional development banks, once seen as a solution, has become the principal problem of the debt crisis facing many developing countries and constitutes a major obstacle to the economic, social and environmental development of the countries concerned.

72. There was general recognition, in the replies received, that the policies and programmes adopted so far and successive initiatives had failed to resolve the problem of foreign debt of developing countries. There was general concern about the absence of interest on the part of the creditor countries to find an equitable and lasting solution to the problem.

73. It was pointed out by some non-governmental organizations that an equitable and durable solution to the problem requires, first of all, an understanding of the causes that gave rise to the accelerated growth of debt in the 1980s. These included an indiscriminate supply of credit by transnational banks which had surplus liquidity, inflation, and a sudden and rapid increase in interest rates for credit on international markets. Interest rates applied to developing countries were far in excess of those prevailing on the international financial markets of the day. Some organizations also referred to the practice of adding the interest owed by

countries falling behind in their payments to the capital, resulting in interest being charged on the interest. They pointed out that this practice is illegal in certain countries.

74. Many organizations also indicated that structural inequities in the trade relationship between developed countries and the developing countries was an essential factor in the vast accumulation of debt by developing countries. A continued deterioration in the trade balance of developing countries resulting from unfavourable terms of trade on the international markets for their primary commodities, on which they are dependent for export earnings, and protectionist measures applied against their manufactured products in developed countries had compelled them to seek loans in order to meet their trade deficits. Foreign exchange was also urgently needed to pay for increasingly expensive imports from developed countries including manufactured goods, technology and even such basic items as food and medicine and on which many had become dependent as a result of development strategies oriented towards the external market pursued by them since the 1960s.

75. Most non-governmental organizations, in their replies, focused on the role of the international financial institutions and structural adjustment policies and programmes of the World Bank and the International Monetary Fund. Structural adjustment programmes, they recalled, were first proposed by the International Monetary Fund as a solution to the payment crisis facing many indebted developing countries. The focus on the international financial institutions was considered urgent in the light of the rapid rise in multilateral debt. Instead of constituting a solution, these policies had contributed to a further rise in the foreign debt of developing countries and had increased their dependence on the external environment. Moreover, concern was expressed about the increasing involvement of the international financial institutions in the economic policies of countries in a wide range of areas.

76. A number of organizations pointed out that the adoption of the "guiding principles" of the International Monetary Fund and the implementation of structural adjustment programmes are mandatory for any country seeking to renegotiate its debt or to obtain loans from international financial and credit markets. The "guiding principles" have been included in agreements reached with numerous countries within the framework of the so-called "strengthened debt strategy", advocated under the Brady Plan, and the "enhanced structural adjustment facility".

77. The two international financial institutions, they pointed out, had even failed to achieve the objectives set out in their own statutes which included the achievement of high levels of employment and real income worldwide. Principles of equity and social justice were ignored in the formulation and implementation of structural adjustment policies and programmes which were primarily conceived to enable debtor countries to generate sufficient foreign exchange through exports to meet their debt-servicing obligations. The application of tight monetary policies, designed to reduce inflation through high interest rates, has undermined investment and employment. The concentration on inflationary targets to the detriment of wider considerations such as poverty elimination and employment creation was considered to be short-sighted and has failed to provide a basis for long-term development.

78. A number of organizations recalled the main features of the structural adjustment programmes which include trade liberalization; massive retrenchment of public service workers; devaluation of national currencies; reduction of public expenditure on social sectors; removal or reduction of State subsidies, including food subsidies and government support to the rural sector; privatization of public enterprises and services; increased levels of direct and indirect taxation; transformation and commercialization of land; reform of labour relations and practices.

79. It was stated that the policies advocated by these institutions are unduly biased towards free-market solutions to economic problems rather than based upon a more considered assessment of the different options available to any country. Governments have generally accepted such recommendations because of their urgent need for extra public funds to pay for debt-servicing requirements and are, therefore, prepared to sell national assets even at a price well below their real value. There is very rarely a serious prior evaluation of alternative possibilities, of the social and economic consequences or of the appropriate regulatory framework for implementation.

80. A number of non-governmental organizations described the negative effects of structural adjustment policies and programmes and their adverse consequences on the enjoyment of human rights including, in particular, economic, social and cultural rights and the right to development as well as internationally recognized labour rights such as those ensured in ILO Conventions Freedom of Association and Protection of the Right to Organize (No. 87) and Right to Organize and Collective Bargaining (No. 98). Many organizations were of the view that the policies and principles of the conditionalities attached to these programmes constituted a major obstacle to the realization of the right to development. They pointed, in particular, to the erosion of national sovereignty and the ability of developing country Governments to determine their own development goals.

81. Many organizations indicated that the implementation of structural adjustment programmes has been detrimental to the development of the internal economy on which a majority of people are dependent for their livelihood. Cuts in public expenditure have caused enormous economic contractions and investment in production has sharply dropped. The social costs of such contraction are compounded by the premature removal of trade barriers in developing countries and cuts in subsidies which have prematurely exposed local industries to unequal competition from large transnational corporations and the destruction of local industries in many countries. In the agricultural sector, small producers, often without access to credit or technical assistance, are expected to compete in an unequal international market dominated by cheap, often subsidized food exports from the developed countries. The export promotion drive has, in many cases, been based on the dismantling of workers' rights and the rapid and unsustainable extraction of natural resources. Moreover, the overemphasis on export production has led to a decline in the production of food crops, with negative consequences for food self-sufficiency and food security. Rising food prices and removal or reduction of food subsidies have severely affected the landless poor in the rural areas and the poor urban population.

82. Many organizations pointed out that the costs of the kind of adjustment advocated by the international financial institutions are unequally distributed, affecting primarily the poorest, disadvantaged and most vulnerable groups in society. In this connection, particular reference was made to peasants, workers, indigenous people, artisanal fisherfolk, women and children. A number of organizations referred to the growing concentration of wealth, on the one hand, and the expansion of poverty, on the other, both at the national and global levels. Citing figures from the UNDP Human Development Report 1992, some organizations pointed to the continued growth of poverty, in both absolute and relative terms. In Latin America and the Caribbean, for instance, the number of poor had risen from 41 per cent of the overall population in 1980 to 62 per cent in 1992.

83. Many organizations also pointed to the negative impact of the conditionalities attached to the programmes on workers. In Latin America and the Caribbean, for instance, while per capita consumption in the employer's sector increased by 16 per cent, it fell by 25 per cent in the employees sector. In Chile, which is presented as a model by the IMF, the share of the national income received by the poorest 20 per cent of the population fell from 7.6 per cent in 1968 to 3.5 per cent in 1983. During the same period, the share of the wealthiest 20 per cent, increased from 44.5 per cent to 61 per cent. The removal of measures aimed at protecting local agriculture and industry had resulted in factory and farm closures and subsequently to the rise in unemployment and landlessness. In some cases, such measures had led to the collapse of whole economic sectors.

84. Many organizations also expressed concern about the informalization of the economy, the increasing workload on women in particular and the erosion or removal of workers' rights to negotiate wages and conditions. In this connection, attention was drawn to references made in many structural adjustment programmes to increasing labour market flexibility. In practice, this has been interpreted to mean reforms to collective bargaining legislation to weaken the right to strike and limitations on the right to organize unions, the removal of employer obligations for social security and changes in employment contracts to reduce job security and to make it easier to hire and fire. Some organizations pointed out that the World Bank has, in several cases, provided guidance as to the choice of consultants to advise Governments on new labour legislation. It was stated that in taking such action, the World Bank has almost without exception failed to draw upon the expertise of the International Labour Organisation despite the fact that, as the United Nations specialized agency on labour questions, ILO has the established competence in this area.

85. Some organizations representing workers around the world underlined that experience has shown that a strong and stable system of labour relations is necessary for successful development. Furthermore, equity in the labour market is essential to building a constituency for change and growth. They pointed out that independent trade unions have a vital role in assuring both equity and stability and this role must be recognized by the IMF and the World Bank.

86. It was stated that women have been particularly affected by the deregulation of labour markets, erosion of social welfare provisions and

declining expenditures on health and education. The erosion of health expenditure has increased the burdens they carry as carers, while falling real wages and family income and rising unemployment have forced women into multiple employment in the informal sector. The erosion of the educational infrastructure has, in particular, led to a decline in the levels of attendance among girls. Some organizations pointed to an increase in prostitution and trafficking in women and children.

87. A number of organizations considered that overall, the implementation of structural adjustment programmes of the international financial institutions has resulted in a considerable rise in social inequalities, unemployment, poverty, illiteracy, malnutrition and hunger. Some organizations were of the view that these policies and programmes deprived a great majority of the people of developing countries of even the core content of basic economic and social rights including, inter alia, the right to work, the right to social security, the right to food, education, housing and health.

88. Another major concern of many organizations related to the increasing damage caused to the environment as a result of the structural adjustment programmes. Under pressure to earn the necessary foreign exchange to meet their debt-servicing obligations, indebted countries are having to over-exploit their country's natural resources such as the rain forest and to resort to indiscriminate logging for export or to open up grazing land for cattle or to plant export crops.

89. Many also pointed to the net flow of financial resources from developing countries to developed countries, including also to the international financial institutions. Some organizations stated that one main reason for the failure of the economic adjustment programmes in much of the developing countries, particularly in sub-Saharan Africa, is the lack of resources needed for them to function effectively. IMF and World Bank programmes provide a limited amount of assistance which cannot compensate for the massive outflow of debt servicing and which themselves must be paid for.

90. Many expressed concern about the negative impact of privatization and the undue emphasis on market forces on both the national economy of developing countries as well as on the poorest sectors of the population and underlined the need to consider much more positively the role of the State. They pointed out that an examination of the historical record of development, whether in the industrialized countries or in the newly industrializing countries, showed the key contribution made by active government policies ranging from human resources development, especially education, to the use of tariff and subsidies to assist infant industries into a position where they are able to compete successfully in international markets. Other examples of the central role of the State included the provision of facilities for a sustainable rate of population growth, protection of the environment and provision of adequate infrastructure as a basis for raising productivity in the rural sector. There was also general agreement that the State must continue to play an important role in the provision of social services, particularly for the most disadvantaged and vulnerable groups in society.

91. There was general recognition that the structural adjustment programmes have failed in both economic and social terms, and have resulted not in a

reduction, but often in an increase of the foreign debt of developing countries. An international conference on "Rethinking Bretton Woods", held in Washington in June 1994, concluded that the programmes are ineffective, inequitable and unfair. Structural adjustment programmes are ineffective because countries are expected to adjust as if they could do so in a vacuum. Most of these countries are vulnerable to external factors beyond their control and beyond the reach of adjustment policies. Moreover, they neglect the asymmetry in the international adjustment process and include contractionary prescriptions. As a result, structural adjustment impedes the country's ability to grow in an environmentally sustainable manner, meet the needs of its people, and service its debts. They are inequitable because they tend to open the markets of adjusting countries prematurely to an increase in imports. They are unfair because (a) they do not take into consideration the concerns and the voices of all the interested parties in the countries, particularly the poor; (b) the resources available through the World Bank and the IMF are inadequate to the task of restructuring simultaneously the more than 40 economies that have accepted them; and (c) weighted voting in the World Bank and the IMF ensures that the countries with the greatest say in setting institutional priorities are not the ones that will need to follow those policies.

92. A number of organizations attributed the failure of structural adjustment policies and programmes to the absence of democracy, transparency and accountability in the management and structure of the international financial institutions. They pointed out that decision-making within these institutions lies in the hands of only five of the major developed countries holding the majority of quotas. In addition, a single country may block certain important decisions. Consequently, only a small group of economically powerful countries determines, formulates and imposes economic policy guidelines, including those related to foreign debt and structural adjustment policies, on the developing countries. They also drew attention to the absence of popular participation from formulation to practical implementation of adjustment policies and programmes and at all levels of decision-making. Agreements concluded between the IMF and debtor countries are conducted without any consultation with the population that ultimately bears the brunt of the agreement. Moreover, it was pointed out, the international financial institutions act independently of the United Nations and grant the major bodies and agencies of the system virtually no part in their decision-making.

93. Many non-governmental organizations expressed concern about the fact that the policies and programmes related to structural adjustment at the national level are determined outside the country without the participation and approval of the people or national parliaments and often with little or no consultations with the Governments concerned. It was stated that, in fact, the conditions imposed by the international financial institutions mandate economic choices in production and technological development that are at the expense of policies that promote economic and social justice for countries implementing them and their populations. Many organizations considered that the imposition of policies and programmes on indebted developing country Governments and peoples deprives them of the exercise of their right to self-determination, constitutes a violation of national sovereignty and endangers their very independence. Moreover, the absence of equity and social justice in the prescriptions of international financial institutions has resulted in

social and political upheavals threatening the stability and security of countries implementing them. Ultimately, many pointed out, the growing indebtedness of developing countries will render them even more vulnerable to political, economic, military and other forms of external pressure.

B. Proposals

94. There was general recognition that finding an equitable and durable solution to the debt crisis of developing countries requires urgent measures to relieve the debt burden of developing countries and to halt the decline in economic and social conditions providing the foundations for accelerated recovery, as well as fundamental reform of the international economic and financial systems.

95. The measures should be formulated and implemented in a manner that respects both individual and collective rights and promotes overall development in the countries where they are implemented and the enjoyment of human rights, in particular the right to development and economic, social and cultural rights. Many organizations emphasized that States have the primary responsibility to ensure the conditions necessary for the enjoyment of the right to development. An equitable and durable solution to the problem of foreign debt should be based on respect for national sovereignty and territorial integrity, including permanent sovereignty over natural wealth and resources; the rights of peoples to freely determine the objectives of authentic human development, to set priorities and decide on the means and methods of their achievement; and non-interference in the internal affairs of States. Decision-making procedures in the development process, at national and international levels, must embody the principles of participation, transparency and accountability. Many organizations underlined the responsibility of States, particularly the developed countries, to cooperate with each other in order to create a favourable international environment in which all human rights can be enjoyed.

96. A number of organizations underlined the need for an international and global agreement on the problem of foreign debt, based on the principle of shared responsibility. Some organizations indicated that existing international agreements should provide the framework for the formulation of adequate measures to find a durable solution to the debt crisis of developing countries. They mentioned, inter alia, the Charter of the United Nations, the international human rights instruments, the Declaration on the Right to Development, the international labour conventions, international development strategies adopted by the General Assembly and the conclusions of the Rio Summit.

97. As an urgent measure, a number of proposals were made with regard to relieving the debt burden of developing countries. There was general agreement that substantial debt reduction or cancellation of all or part of the debt of developing countries was an urgent priority. Many organizations argued for total and unconditional cancellation of all categories of foreign debt, particularly of the least developed countries, as well as of those countries implementing structural adjustment programmes. In this connection, one organization reported that a world congress of trade unions held in

November 1994, and in which representatives of over 300 million trade union members from all continents participated, had strongly advocated the immediate cancellation of all foreign debts of the developing countries. The congress had also urged that the World Summit for Social Development should agree on the full cancellation of the foreign debt of developing countries. The example of debt write-offs of the outstanding debts of some developing countries by certain creditor countries shows that such practical measures can be taken by all the major lenders. Some organizations warned that any delay in cancellation will only lead to a further acceleration of the flow of resources from the developing countries, worsening the overall development crisis and increasing social discontent.

98. The reasons extended by many organizations for debt cancellation included: the exorbitant interest rates that prevailed when the debts were contracted; the fact that much of the debt was contracted by military dictatorships: the huge sums that have already been paid in the form of debt servicing; the social and economic sacrifices made by many developing countries in complying with their debt-servicing obligations; and, in the case of many developing countries, particularly in Africa, the reality, acknowledged by donors and multilateral creditors alike, that the full debt cannot be repaid.

99. Many organizations also suggested that a total or partial cancellation of the debts of developing countries and debt reduction be undertaken on a selective basis. A broad principle which should guide such operations is that debt-service payments should be restricted to levels compatible with sustained improvement in human well-being, economic recovery and ability to pay. One organization proposed that debtors should be able to invoke the principle of rebus sic stantibus which stipulates that the obligation of debtors is released when compliance becomes impossible, very onerous or essentially different from when the debt was contracted. In addition, it underlined the need to recognize the exclusion of State liability for the debt contracted by a private individual in situations where there was no representative democracy. It was proposed that an independent body of international experts be established to examine the economic and financial reality and the legitimacy of the operations which gave rise to the debt and of certain clauses in the original contracts including interest rates, figures for costs and commissions, and cancellation of fictitious and/or illegal debts. In addition, it was proposed that a review be undertaken of current interest rates and the costs and commissions being paid in renegotiating the debt as well as a survey of the amounts reimbursed in relation to the original debt. A decision on whether to reduce or cancel debts should be based on the amount that has already been repaid in the form of interest, disproportionate costs and commissions. The remaining debt should benefit from a general moratorium.

100. With regard to official debt owed by developing countries, some organizations proposed, as an immediate measure, the implementation of the Trinidad Terms proposal, which remains unimplemented. It was pointed out, however, that even the implementation of the full Trinidad Terms would leave most countries with unsustainable debt burdens. They should, therefore, be seen only as a first step towards a comprehensive write-off of between 80 and 100 per cent of the entire debt stock of these countries. In addition, the

Trinidad Terms should be applied to a wider group of chronically indebted, highly impoverished lower middle-income countries which are currently excluded.

101. Within the Paris Club, some organizations proposed, an agreement should be reached: to write-off between 70 and 100 per cent of debt stock owed to Governments; to increase the amount of debt eligible for reduction and rescheduling; to widen eligibility criteria to include more countries; to establish debt-repayment ceilings compatible with social and economic recovery; and support on a more extensive scale for debt-for-development swaps with a view to financing national programmes aimed at achieving the targets for welfare improvement set by the World Summit for Children. It was also proposed that reform of the Paris Club be undertaken to enable the United Nations specialized agencies to be represented in the national consultative groups of donors which determine aid to individual countries and to exclude the IMF from debt-relief negotiations.

102. With regard to debt owed to commercial banks by countries in Latin America, in particular, it was suggested that efforts should be revitalized to reduce commercial debt stock through reduction measures which go beyond those envisaged in the Brady Plan. One organization proposed that banks be obliged by legal provisions, applied across all the OECD countries, to take part in debt-reduction agreements. The simple formula that banks should deduct debt service already received from the principal still outstanding would ensure that the banks make a fair contribution to paying for the costs of the debt crisis which resulted partially from their lending mistakes of the 1970s.

103. With regard to multilateral debt owed to the international financial institutions, many organizations suggested that the statutes of these institutions be amended to permit them to write off or reschedule payments on the debt. They called for a write-off of a substantial proportion of the debt owed to these institutions by heavily indebted developing countries. In the case of the IMF, it was proposed that a debt-reduction facility be created within the institution financed either by a sale of gold stocks or a large-scale increase in special drawing rights. Ultimately, a further increase in special drawing rights may be required, such that countries which have agreed to IMF programmes can be guaranteed an adequate inflow of resources to match their needs. Neither option, some organizations pointed out, would undermine the financial standing of the IMF or generate global inflationary pressures. Moreover, the use of IMF reserves to reduce debt would have no implications for the public expenditure of developed country Governments. In the case of the World Bank, a further increase in the allocations for the International Development Association (IDA) providing loans at a concessional rate for low-income members was proposed.

104. One organization proposed that the cancellation of debts should be managed by a committee, established under the auspices of the United Nations, in which the IMF, the World Bank, the United Nations specialized agencies, Governments and non-governmental organizations from developed and developing countries should be represented.

105. Some organizations encouraged the use of debt-for-development swaps in order to increase the resources made available for priority social investment. One organization suggested that where national plans exist for achieving the targets for human welfare improvement such as those agreed at the World Summit for Children or within WHO's framework "Health for all by the year 2000", these should form the basis for negotiation.

106. Some organizations proposed that the outstanding foreign debt of developing countries be set off against development assistance targets that have not been implemented. They also emphasized that the ODA target should now be fixed in terms of "net" financial flows, so that new loans do not have to be used to service the accumulated debts.

107. There was general agreement on the need for an alternative form of structural adjustment in order to ensure that developing countries do not revert back to levels of unsustainable foreign indebtedness. Some organizations underlined that structural adjustment should be a global undertaking and be implemented in developed countries as well. Many organizations underlined that the adjustment policies must be based on the recognition that development is a global, multidimensional, people-centred process and must be balanced with a concern for equity, emphasis on redistributive policies and respect for all human rights. The costs of adjustment should be shared in a more equitable and just manner, both inside developing countries and between developed and developing countries. Moreover, cultural diversity must be recognized, respected and preserved as a prerequisite for development. There must also be an inclusive process of participation and dialogue that guarantees a redistribution of power and resources to the poor, disadvantaged and vulnerable groups in society.

108. Many organizations underlined the need to formulate policies and undertake measures to develop the domestic market. These included an agricultural policy with greater allocation of resources for domestic food production and the provision of easier access to fertile land and irrigation by rural communities and their democratic management and control by rural communities; and fiscal and credit incentives for micro-enterprises and for small- and medium-sized enterprises. It was also proposed that resources be diverted from investment in the military industry and the arms trade to human development.

109. Most organizations proposed that the role of the State in economic activities be strengthened until the indigenous private sector is in a position to take over. They emphasized the importance of direct involvement of the State in the economy and of indirect involvement through the use of tariffs and subsidies to assist infant industries into a position where they are able to compete successfully in international markets. Active and selective intervention by the State was also considered necessary to promote the accumulation of capital in order to create a climate of confidence. Moreover, it was stated that State responsibility for the provision of essential social services must be retained and public investment in the social sectors must be reinstated, particularly in countries implementing structural adjustment programmes.

110. Many organizations underlined the need for measures to ensure the transparent and democratic management of the country's assets, along with measures to eliminate corruption. Reference was made, in particular, to the need for the strict observance of efficient management and accountability by managers of State enterprises. They also indicated that economic decisions should be made after wide consultation and with popular participation.

111. Particular emphasis was placed in a number of proposals on the need to strengthen the role of women in decision-making, ensure their equitable participation at all levels of the development process and to use equal rights legislation and affirmative active measures to achieve greater equity for women. Such action was considered to be essential not only on social grounds but to achieve economic development, particularly in the rural sector where women in many countries constitute the majority of the workforce and so need to be the primary beneficiaries of education and training programmes, special credit facilities and land reform measures.

112. Some organizations proposed that the orthodox structural adjustment programmes of the international financial institutions be replaced with the people-centred African Alternative Framework to Structural Adjustment Programmes for Socio-Economic Recovery and Transformation (AAF-SAP), adopted by the African heads of State and Government at the OAU Summit, held in July 1989 in Addis Ababa.

113. In order for structural adjustment at the national level to be effective and sustainable, many organizations emphasized the need to create an equitable international financial and monetary system. In this connection, a number of proposals were made by the non-governmental organizations.

114. Many proposals related to restructuring the international financial institutions. The central focus was that the institutions must be more objective, democratic, accountable, transparent and more socially responsible in their method of work, management, formulation of policy recommendations and in their implementation.

115. It was stated that, given the failure of the World Bank-IMF structural adjustment policies to create a platform for poverty reduction and sustained economic growth, there was an urgent need to undertake a wide-ranging review of the objectives, method of work and management of these institutions. It was suggested that the purpose of the review should be to ensure that the policy advice provided and actions undertaken are fully able to meet the objectives of the IMF and the World Bank which, as specified in their statutes, is to achieve high levels of employment and real income worldwide. Particular mention was also made of the need to review the linkage between debt reduction and adherence to these policies. In the view of many organizations, the IMF should be consigned to a more limited advisory role in debt-relief negotiations. One organization proposed that the review be undertaken within the framework of the United Nations.

116. Many organizations called for the democratization of international financial institutions, opening them up to greater public scrutiny, transparency in their operations and greater accountability. In this connection, some organizations suggested that the weighted voting system be

replaced by a more democratic system. One organization suggested that the IMF should restore the ratio of the basic vote of all members to the total votes of all members which prevailed at the Fund's inception. It was also suggested that the Special Majority required on votes on key issues should not exceed 70 per cent of the votes and two thirds of the membership.

117. The development of civil society in the developing countries would, it was stated, be enhanced by greater openness and transparency. In this regard, it was proposed, as a starting-point, to require the IMF to publish its Letters of Intent with Governments before the conclusion of an agreement and the World Bank to publish its policy recommendations at a similarly early stage in adjustment negotiations. In the case of projects, virtually all documents should be released during the early planning phase; executive directors of the international financial institutions should be required to declare in advance to national legislators how they intended to vote on projects and adjustment programmes. They should also be required to report regularly to national legislatures.

118. A number of organizations emphasized the need for these institutions to undertake much broader consultations before making policy recommendations. It was suggested that the IMF broaden its article IV consultations beyond Finance Ministers and central banks to include other ministries and major sectors of civil society. They should also endeavour to consult all major economic interest groups and all social partners, particularly the trade unions, if they are to devise policies which are realistically applicable and which can muster support from the majority of the population. Without such support, experience has showed that adjustment measures will fail. Some organizations representing workers around the world emphasized that in making recommendations for labour markets in developing countries, the IMF and the World Bank should engage in prior consultations with the social partners and should rely upon the expertise of the ILO with its tradition of building tripartite support for changes in labour legislation. Furthermore, one organization representing 120 million workers in 124 countries and territories recommended that the World Bank should change the procurement guidelines for its projects to require all contractors to respect workers' rights, including freedom of association for trade unions, in order to be eligible to bid for tenders from the World Bank.

119. It was also suggested that the policy-making role of the IMF in developing countries be ended and its lending programmes halted. Many organizations stressed that the link between debt relief and compliance with structural adjustment programmes should be broken.

120. Moreover, it was proposed that developed countries should agree to a new allocation of special drawing rights as proposed by the Executive Director of the IMF. The distribution of SDRs should also be weighted heavily in favour of developing countries, especially severely indebted low-income countries. Without such an allocation, the foreign exchange reserves in these countries will force them to depress domestic demand, with inevitable consequences for human welfare, and limit the imports needed to accelerate recovery.

121. Many organizations underlined the need to integrate the two international financial institutions more effectively into the United Nations system and to

bring them under the supervision and control of the General Assembly. The World Bank, the IMF, their Boards of Governors, the IMF's Interim Committee and the Joint Development Committee should submit detailed public reports to ECOSOC and make spokespersons available for public questioning by representatives of ECOSOC and, when requested, by the General Assembly. Moreover, the management of the World Bank and the IMF should explain publicly their interpretation of international law applicable to their programmes, as well as its operational significance. These explanations should include their interpretations of their Recognition Agreements with the United Nations, of their own Articles of Agreement, and of their responsibilities with regard to helping their member States comply with their own treaty and Charter obligations. They should be willing to entertain well-founded alternative interpretations on these matters.

122. It was also proposed that United Nations specialized agencies assume a far greater policy role in designing and implementing adjustment policies. More immediately, the Committee on Economic, Social and Cultural Rights should assume responsibility for scrutinizing structural adjustment programmes and monitoring their impact on the human rights set out in the International Covenant on Economic, Social and Cultural Rights. Some suggested that, if necessary, the agreement concluded between the United Nations and the international financial institutions be revised in order to enable the United Nations and non-governmental organizations to examine the activities of these institutions.

123. Many organizations indicated that current approaches to conditionality are one-sided, inappropriate and in urgent need of reform. In this regard, it was stated that the World Bank should accept the legitimacy of a far wider range of adjustment reforms than are currently incorporated in structural adjustment programmes. In other words, an acknowledgement of diversity should replace the free-market monotheism which underpins current adjustment programmes. In this context, they proposed that United Nations specialized agencies, representative citizens' groups and Governments be involved in a genuine dialogue over adjustment. The dialogue should focus on developing expansionary policies designed to maximize employment and eradicate poverty. It should also establish specific and binding targets for enhancing the access of poor people to social sector provisions. Progress towards these targets should be closely monitored, and complaints investigated by appropriate United Nations bodies such as the Committee on Economic, Social and Cultural Rights.

124. Emphasis was also placed on the need for the IMF to reassess the bases for its policy recommendations at the macroeconomic level. An internationally coordinated growth strategy, based on active, expansionary and non-inflationary policies, is necessary to ensure sustainable development. This will require the adoption of reduced interest rates accompanied by fiscal expansionary measures, since generating higher economic growth will itself provide the resources to achieve a sustainable fiscal deficit over the long run.

125. Many also underlined the urgent need for reform of the international monetary system. In this connection, some organizations proposed that a global reference currency be established to replace the existing reserve

assets, in order to enable public authorities to shape the international monetary system in a more orderly and equitable form. Moreover, they proposed that measures be adopted to discourage international financial speculation. In this connection, it was suggested that the IMF, together with member Governments, should develop mechanisms to limit the destabilizing effects of capital flows and restore the relative predictability and stability of exchange rates. Some organizations underlined the need for a global tax on capital flows, as proposed by Nobel economics laureate James Tobin, which would reduce financial instability. This tax would require global coverage and a global network to be effective. Its receipts could be used to finance the United Nations system, provide environmental protection in least developed countries or selectively reduce their debts.

126. Some organizations underlined that the global economic role of transnational corporations, including financial institutions, deserves priority attention. In this connection, it was proposed that Governments cooperate to establish a regulatory mechanism to govern certain activities of transnational corporations. The mechanism should establish the rights and responsibilities of such companies and provide for enforcing them. First steps could include strengthening the United Nations Centre on Transnational Corporations or the creation of a joint OECD-UNCTAD commission to look into the problem.

127. Many organizations underlined the need for an equitable and just global trading system which ensures equitable and fair prices for goods and services of developing countries and the removal of protectionist measures in industrialized countries against products from developing countries. In this regard, the following proposals were made:

(a) Governments, non-governmental organizations and local organizations should act to ensure that the proposed World Trade Organization becomes an effective instrument for promoting trade that pays proper attention to the interests of all actors in international trade. Thus, it should promote stable primary commodity prices and food security, and facilitate the efforts of developing countries to diversify their economies;

(b) Trade negotiators should restore the principle of non-reciprocity of market access for the poorest and weakest countries which was effectively removed by the Uruguay Round of GATT;

(c) The World Trade Organization should promote South-South trade;

(d) The World Trade Organization should develop policies that halt the dumping of industrialized countries' subsidized surplus stocks;

(e) The World Trade Organization should eliminate arbitrary and discriminatory escalation of developed country tariffs vis-à-vis developing countries;

(f) The World Trade Organization should develop policies to stabilize income from commodities exports, starting with the Lomé Convention as a model;

(g) The Agreement on Trade-Related Intellectual Property should be interpreted to ensure that poor people and developing countries retain easy access to low-cost seeds and medicines and unrestricted access to indigenously developed seeds or medicines regardless of any subsequent patents and commercialization;

(h) Governments should cooperate to ensure that the World Trade Organization is more operationally integrated into the United Nations system. For example, representatives of relevant United Nations agencies should be represented on WTO working groups and the WTO should report to ECOSOC.

128. Some organizations proposed the inclusion of social clauses in all international trade agreements, particularly in the World Trade Organization. The social clause would stipulate that all members of the organization must maintain respect for workers' rights in order to enjoy the benefits of participation in the world trading system. A social clause would provide the stabilizing element needed to ensure the long-term success of an open trading system. One organization representing workers around the world suggested that the preparatory committee for the WTO needs urgently to initiate a work programme on the links between trade and international labour standards as a basis for the adoption of new provisions in trade agreements. Many organizations emphasized, however, that the social clauses should not be used by the developed countries as a protectionist measure against the developing countries.

129. Many organizations urged that aid levels be increased, on the basis of a timetable, to meet the agreed United Nations level of 0.7 per cent of GNP, with basic needs, especially education, made the primary beneficiary.

130. Many organizations also proposed that the United Nations General Assembly and the Economic and Social Council, in compliance with the objectives laid down in Article 55 and related Articles of the Charter, reactivate the international dialogue with a view to the adoption of a just and equitable international economic and financial order to promote all human rights and fundamental freedoms, including the right to development.